

# COUNCIL MEETING

Wednesday, 18th July, 2018  
at 2.00 pm

Council Chamber - Civic Centre

## **This meeting is open to the public**

### **Members of the Council**

The Mayor – Chair

The Sheriff – Vice-chair

Leader of the Council

Members of the Council (See overleaf)

### **Contacts**

Service Director, Legal and Governance  
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<b>WARD</b>	<b>COUNCILLOR</b>	<b>WARD</b>	<b>COUNCILLOR</b>
<b>Bargate</b>	Bogle Noon Dr Paffey	<b>Millbrook</b>	Furnell Galton Taggart
<b>Bassett</b>	Hannides B Harris L Harris	<b>Peartree</b>	Bell Houghton Keogh
<b>Bevois</b>	Barnes-Andrews Kataria Rayment	<b>Portswood</b>	Claisse Mitchell Savage
<b>Bitterne</b>	Jordan Murphy Streets	<b>Redbridge</b>	McEwing Pope Whitbread
<b>Bitterne Park</b>	Fuller Harwood White	<b>Shirley</b>	Chaloner Coombs Kaur
<b>Coxford</b>	Morrell D Thomas T Thomas	<b>Sholing</b>	J Baillie Guthrie Wilkinson
<b>Freemantle</b>	Leggett Parnell Shields	<b>Swaythling</b>	Fielker Mintoff Vassiliou
<b>Harefield</b>	P Baillie Fitzhenry Laurent	<b>Woolston</b>	Mrs Blatchford Hammond Payne

## **PUBLIC INFORMATION**

### **Role of the Council**

The Council comprises all 48 Councillors. The Council normally meets six times a year including the annual meeting, at which the Mayor and the Council Leader are elected and committees and sub-committees are appointed, and the budget meeting, at which the Council Tax is set for the following year.

The Council approves the policy framework, which is a series of plans and strategies recommended by the Executive, which set out the key policies and programmes for the main services provided by the Council. It receives a summary report of decisions made by the Executive, and reports on specific issues raised by the Overview and Scrutiny Management Committee. The Council also considers questions and motions submitted by Council Members on matters for which the Council has a responsibility or which affect the City.

## **PUBLIC INVOLVEMENT**

**Questions:-** People who live or work in the City may ask questions of the Mayor, Chairs of Committees and Members of the Executive. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.8)

**Petitions:-** At a meeting of the Council any Member or member of the public may present a petition which is submitted in accordance with the Council's scheme for handling petitions. Petitions containing more than 1,500 signatures (qualifying) will be debated at a Council meeting. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.1)

**Representations:-** At the discretion of the Mayor, members of the public may address the Council on any report included on the agenda in which they have a relevant interest. Any member of the public wishing to address the meeting should advise the Democratic Support Officer (DSO) whose contact details are on the front sheet of the agenda.

**Deputations:-** A deputation of up to three people can apply to address the Council. A deputation may include the presentation of a petition. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.7)

## **MEETING INFORMATION**

**Use of Social Media:-** The Council supports the video or audio recording of meetings open to the public, for either live or subsequent broadcast. However, if, in the Chair's opinion, a person filming or recording a meeting or taking photographs is interrupting proceedings or causing a disturbance, under the Council's Standing Orders the person can be ordered to stop their activity, or to leave the meeting. By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and or/training purposes. The meeting may be recorded by the press or members of the public.

Any person or organisation filming, recording or broadcasting any meeting of the Council is responsible for any claims or other liability resulting from them doing so.

Details of the Council's Guidance on the recording of meetings is available on the Council's website.

**Mobile Telephones** – Please switch your mobile telephones to silent whilst in the meeting.

The Southampton City Council Strategy (2016-2020) is a key document and sets out the four key outcomes that make up our vision.

- Southampton has strong and sustainable economic growth
- Children and young people get a good start in life
- People in Southampton live safe, healthy, independent lives
- Southampton is an attractive modern City, where people are proud to live and work

**Access** – Access is available for disabled people. Please contact the Council Administrator who will help to make any necessary arrangements

**Smoking policy** – The Council operates a no-smoking policy in all civic buildings

**Fire Procedure** – In the event of a fire or other emergency, a continuous alarm will sound and you will be advised by Council officers what action to take.

<b>Proposed dates of meetings (Municipal year 2018/19)</b>	
<b>2018</b>	<b>2019</b>
18 July	20 February (Budget)
19 September	20 March
21 November	15 May (AGM)

## **CONDUCT OF MEETING**

### **FUNCTIONS OF THE COUNCIL**

The functions of the Council are set out in Article 4 of Part 2 of the Constitution

### **RULES OF PROCEDURE**

The meeting is governed by the Council Procedure Rules as set out in Part 4 of the Constitution.

### **BUSINESS TO BE DISCUSSED**

Only those items listed on the attached agenda may be considered at this meeting.

### **QUORUM**

The minimum number of appointed Members required to be in attendance to hold the meeting is 16.

## **DISCLOSURE OF INTERESTS**

Members are required to disclose, in accordance with the Members' Code of Conduct, **both** the existence **and** nature of any "Disclosable Pecuniary Interest" or "Other Interest" they may have in relation to matters for consideration on this Agenda.

### **DISCLOSABLE PECUNIARY INTERESTS**

A Member must regard himself or herself as having a Disclosable Pecuniary Interest in any matter that they or their spouse, partner, a person they are living with as husband or wife, or a person with whom they are living as if they were a civil partner in relation to:

- (i) Any employment, office, trade, profession or vocation carried on for profit or gain.
- (ii) Sponsorship: Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
- (iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.
- (iv) Any beneficial interest in land which is within the area of Southampton.
- (v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.
- (vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.
- (vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:
  - a) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body, or
  - b) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

### **Other Interests**

A Member must regard himself or herself as having an, 'Other Interest' in any membership of, or occupation of a position of general control or management in:

Any body to which they have been appointed or nominated by Southampton City Council

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

Any body whose principal purpose includes the influence of public opinion or policy

### **Principles of Decision Making**

All decisions of the Council will be made in accordance with the following principles:-

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from officers;
- respect for human rights;
- a presumption in favour of openness, accountability and transparency;
- setting out what options have been considered;
- setting out reasons for the decision; and
- clarity of aims and desired outcomes.

In exercising discretion, the decision maker must:

- understand the law that regulates the decision making power and gives effect to it. The decision-maker must direct itself properly in law;
- take into account all relevant matters (those matters which the law requires the authority as a matter of legal obligation to take into account);
- leave out of account irrelevant considerations;
- act for a proper purpose, exercising its powers for the public good;
- not reach a decision which no authority acting reasonably could reach, (also known as the "rationality" or "taking leave of your senses" principle);
- comply with the rule that local government finance is to be conducted on an annual basis. Save to the extent authorised by Parliament, 'live now, pay later' and forward funding are unlawful; and
- act with procedural propriety in accordance with the rules of fairness.

Service Director, Legal and Governance  
Richard Ivory  
Civic Centre, Southampton, SO14 7LY

Tuesday, 10 July 2018

**TO: ALL MEMBERS OF THE SOUTHAMPTON CITY COUNCIL**

You are hereby summoned to attend a meeting of the COUNCIL to be held on WEDNESDAY, 18TH JULY, 2018 in the COUNCIL CHAMBER CIVIC CENTRE at 2:00pm when the following business is proposed to be transacted:-

**1 APOLOGIES**

To receive any apologies.

**2 MINUTES (Pages 1 - 10)**

To authorise the signing of the minutes of the Council Meeting held on 16th May 2018, attached.

**3 ANNOUNCEMENTS FROM THE MAYOR AND LEADER**

Matters especially brought forward by the Mayor and the Leader.

**4 DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS**

To receive any requests for Deputations, Presentation of Petitions or Public Questions.

**5 EXECUTIVE BUSINESS REPORT (Pages 11 - 18)**

Report of the Leader of the Council.

**6 MOTIONS**

(a) Councillor Galton to move:

The Council acknowledges that the state of Southampton's roads and pavements falls below that expected by many of our residents.

In light of this, the council will commit to review its current defect intervention levels, with a view to expanding the criteria of defect repaired within both the 24 hour and 28 day periods.

The council will also review its policy on city and district centre paving to ensure these high footfall areas are repaired more swiftly to protect residents and support businesses.

(b) Councillor Bogle to move:

This Council celebrates the 70th birthday of our National Health Service and welcomes

the ongoing commitment of the thousands of people who work in these important services in the city.

This Council notes the rising pressures from an aging population and many more people living with complex conditions that is impacting both the NHS and adult social care.

This Council also notes that health outcomes and inequalities in the city are not where we would want them to be.

This Council is committed to working in partnership with all providers in the city to innovate and seek to be a centre of best practice for improving health, care and wellbeing in the country.

This Council is committed to embedding health and wellbeing outcomes in all our policies, and will continue to commit to using all its powers through other determinants of health such as employment, housing and the environment to help improve health outcomes.

## **7 QUESTIONS FROM MEMBERS TO THE CHAIRS OF COMMITTEES OR THE MAYOR**

To consider any question of which notice has been given under Council Procedure Rule 11.2.

## **8 APPOINTMENTS TO COMMITTEES, SUB-COMMITTEES AND OTHER BODIES**

To deal with any appointments to Committees, Sub-Committees or other bodies as required.

## **9 DELIVERING THE COUNCIL STRATEGY** (Pages 19 - 74)

Report of the Leader of the Council providing an update on activity to deliver the Council Strategy 2016-2020 and an update following the LGA Peer Challenge.

## **10 JOINT AIR QUALITY UNIT (JAQU), CLEAN AIR ZONE EARLY MEASURES FUND** (Pages 75 - 86)

Report of the Cabinet Member for Environment and Transport seeking approval for funding awarded to Southampton City Council (SCC) from the DfT's Joint Air Quality Unit (JAQU).

## **11 CORPORATE PARENTING ANNUAL REPORT 2017/18** (Pages 87 - 114)

Report of the Cabinet Member for Children's Social Care detailing the Corporate Parenting Annual Report 2017/18.

## **12 GENERAL FUND & HOUSING REVENUE ACCOUNT REVENUE OUTTURN 2017/18** (Pages 115 - 162)

To consider the report of the Cabinet Member for Finance. The purpose of this report is to summarise the overall General Fund and Housing Revenue Account revenue

outturn for 2017/18. It compares actual spending against the working budget noted at Council in February 2018 adjusted for approved changes made since that date. The report also considers any requests for carry forwards and the allocation of funds for corporate purposes or other additional expenditure.

**13 GENERAL FUND AND HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME OUTTURN 2017/18** (Pages 163 - 204)

To consider the report of the Cabinet Member for Finance. The purpose of this report is to outline the General Fund and Housing Revenue Account capital outturn position for 2017/18 and seek approval for the proposed financing of the expenditure. This report also highlights the major variances against the approved estimates and sets out the revised estimates for 2018/19 and future years which take account of slippage and re-phasing.

**14 REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2017/18** (Pages 205 - 232)

To consider the report of the Cabinet Member for Finance. The purpose of this report is to inform the Governance Committee and Council of the Treasury Management activities and performance for 2017/18 against the approved Prudential Indicators for External Debt and Treasury Management.

**15 EXCLUSION OF THE PRESS AND PUBLIC - CONFIDENTIAL PAPERS INCLUDED IN THE FOLLOWING ITEM**

To move that in accordance with the Council's Constitution, specifically the Access to Information procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of any consideration of the confidential report number 16.

Report and appendix are considered to be confidential, the confidentiality of which is based on

- Information relating to the financial or business affairs of any particular person (including the authority holding that information) (paragraph 3)
- Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings (paragraph 5)
- Information which is subject to any obligation of confidentiality (paragraph 7A)

If the content of this report were to be treated as a public document it would reveal information that is both commercially sensitive and detrimental to the business affairs of the Council.

**16 FUTURE OF STRATEGIC SERVICES PARTNERSHIP** (Pages 233 - 262)

Exempt report of the Leader of the Council detailing the future of Strategic Services Partnership.

**17 LOCAL AUTHORITY TRADING COMPANY FOR SOME COUNCIL SERVICES**  
(Pages 263 - 276)

Report of the Leader of the Council recommending that the Committee note and



discuss the proposals relating to the establishment of a Local Authority Trading Company for Some Council Services that is scheduled for consideration at the 18 July 2018 meeting of Council.

NOTE: There will be prayers by the Mayor's Chaplain John Attenborough in the Mayor's Reception Room at 1.45 pm for Members of the Council and Officers who wish to attend.

A handwritten signature in black ink, appearing to read 'Richard Ivory', with a horizontal line underneath.

Richard Ivory  
Service Director, Legal and Governance

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## SOUTHAMPTON CITY COUNCIL

MINUTES OF THE COUNCIL MEETING HELD ON  
16 MAY 2018

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### Present:

The Mayor, Councillor Barnes-Andrews  
The Sheriff, Councillor P Baillie  
Councillors J Baillie, Bell, Mrs Blatchford, Bogle, Chaloner, Claisse, Coombs, Fielker, Fitzhenry, Fuller, Furnell, Galton, Guthrie, Hammond, Harwood, Hannides, B Harris, L Harris, Houghton, Jordan, Kataria, Kaur, Keogh, Laurent, Leggett, McEwing, Mitchell, Mintoff, Morrell, Murphy, Noon, Dr Paffey, Parnell, Payne, Pope (minute 8 - 21), Rayment, Savage, Shields, Streets, Taggart, D Thomas, T Thomas, Vassiliou, Whitbread, White and Wilkinson

### 1. CITY OF SOUTHAMPTON AWARD

#### **THE MAYOR (COUNCILLOR L HARRIS) IN THE CHAIR**

RESOLVED: upon the motion of the Mayor (Councillor L Harris) and seconded by the Sherriff (Councillor Barnes-Andrews), that the City of Southampton Award be presented to Dr Cheryl Butler and Mr Doug Perry.

### 2. ELECTION OF A MAYOR FOR THE ENSUING YEAR

RESOLVED: upon the motion of Councillor Hammond and seconded by Councillor Parnell, that Councillor Barnes-Andrews be elected to the Office of 796<sup>th</sup> Mayor of Southampton and Chair of the Council for the ensuing year.

The Mayor (Councillor Barnes-Andrews) then made and subscribed to the Declaration of Acceptance of Office.

#### **THE MAYOR (COUNCILLOR BARNES-ANDREWS) IN THE CHAIR**

### 3. MAYOR'S CHARITIES

The Mayor announced that he would be supporting as his charities Rose Road Association and the Sunday Lunch Project.

### 4. ELECTION OF A SHERIFF FOR THE ENSUING YEAR

RESOLVED: upon the motion of Councillor J Baillie and seconded by Councillor Payne that Councillor P Baillie be appointed the 581<sup>st</sup> Sheriff of the City of Southampton and Vice-Chair of the Council for the ensuing year.

The Sheriff (Councillor P Baillie) then made and subscribed to the Declaration of Acceptance of Office.

5. VOTE OF THANKS TO RETIRING MAYOR

RESOLVED upon the motion of Councillor Hannides and seconded by Cllr Rayment that the Council places on record its appreciation for the distinguished manner in which Councillor L Harris had discharged the duties of the Mayor of the City during the period of his term of office.

6. SOUTHAMPTON BUSINESS SUCCESS AWARD

RESOLVED: that the Southampton Business Success Award be presented to Paris Smith LLP and Rees Leisure.

7. FORMER COUNCILLORS

RESOLVED: that former Councillors Burke, Lewzey, Hecks, Inglis, O'Neill, Denness, Moulton, Letts and Painton be thanked for their service to the City during their period in office.

**AT THE RECONVENED MEETING OF THE SOUTHAMPTON CITY COUNCIL  
HELD IN THE COUNCIL CHAMBER, CIVIC CENTRE ON 16<sup>th</sup> MAY, 2018**

8. MINUTES

RESOLVED: that the minutes of the Council meeting held on 21<sup>st</sup> March 2018 be approved and signed as a correct record.

9. ANNOUNCEMENTS FROM THE MAYOR

(i) Welcome to New Members

The Mayor thanked all Members for their support in electing him as Mayor and welcomed to the meeting all those councillors who were attending their first meeting together with those who had successfully defended their seats.

(ii) Former City Councillor, Mayor and Honorary Alderman Pat Allan

The Mayor announced with sadness that former Councillor, Mayor and Honorary Alderman Pat Allan who had served as a Councillor from 1972 until 1997, held the position of Mayor in 1980 and was appointed as an Honorary Alderman in 2001 had passed away. His Funeral took place on 9<sup>th</sup> May and was commemorated by a drive by of the Civic Offices and Guildhall at the request of his family. Members stood for a minute's silence as a mark of respect.

(iii) Meeting Protocol

The Mayor referred to the need for meetings to run efficiently and effectively, and asked Members to keep in mind throughout the year the basic courtesies that needed to be adhered to both in timeliness in arriving at the meeting and listening carefully to the arguments.

The Mayor further requested that for the benefit of the public, Members remain in the seat allocated, or if they wished to move, they give notice of their intention prior to the next meeting so that the copies displayed in the public gallery could be amended.

(iv) Social Media

For the benefit of new Members, the Mayor referred to the wi-fi that was available in the Council Chamber and that the use of mobile electronic devices could therefore be used in the Chamber and in Committee Meetings.

The Mayor urged Members to use their good sense and behave with courtesy, particularly in not tweeting messages which would otherwise be in breach of the Council's rules or the law. For example, tweeting material discussed in confidential session would be a serious breach.

The Mayor also informed Members that as in previous years there was a £25 fine for mobile phones ringing and this would go to the Mayor's charity.

(v) Training

The Mayor reminded Members of a number of training sessions that had been arranged and encouraged both new and existing Councillors to attend.

(vi) ABP Southampton Marathon

The Mayor announced that the 22<sup>nd</sup> April had seen the ABP Southampton Marathon take place for the fourth year. Special congratulations were given to the winning marathon runner, Richard Waldron, from Revenue and Benefits, who completed the marathon in 2hours and 40mins.

(vii) Change of Agenda Order for Today's Meeting

The Mayor announced that following agreement from Group Leaders agenda item 6 – Election of the Leader of the Council would take place at this point of the business in order that the new Leader could present the 2018 Employee Awards.

(viii) Employee Awards

The Leader presented the following awards:

Employee of the Year Award:

- Chris Dartnall – Cleaner, Adults, Housing and Communities Team

Manager of the Year:

- Amber Searle – Assistant Team Manager, Adoption Team, Children and Families

Team of the Year:

- Alternative Weekly Collection Project Team, Waste and Recycling

Most Thanked Team of 2017

- Protection and Court Teams, Childrens Services

10. ELECTION OF THE LEADER

The nomination of Councillor Hammond was moved and seconded.

UPON BEING PUT TO THE VOTE IT WAS:

RESOLVED: that Councillor Hammond be elected as Leader of the Council for the ensuing year.

Following his election as Leader, Councillor Hammond informed the Council of his Cabinet and their Portfolio responsibilities.

Education and Skills – Councillor Dr Paffey

Health and Community Safety – Councillor Shields

Finance - Councillor Chaloner

Communities, Culture and Leisure – Councillor Kaur

Sustainable Living - Councillor Hammond

Deputy Leader and Environment and Transport – Councillor Rayment

Housing and Adult Care – Councillor Payne

Children’s Social Care – Councillor Jordan

The Leader then informed Members that the content of each of the Portfolios would not change at this point but any changes would be announced at the July Council meeting.

The Leader confirmed the appointment of Councillor Chaloner to the Joint Pension Fund Panel and Board under his delegation of powers which would be reported to the June Cabinet meeting as part of the Executive Appointments.

11. ANNUAL REVIEW OF THE CONSTITUTION

The Leader moved the report of the Service Director: Legal and Governance detailing the annual review of the Council’s Constitution and Councillor Rayment seconded.

The Leader reported that the elements within the report relating to the LATCO would be deferred to the July meeting of Council.

RESOLVED:

- (i) That the changes to the Constitution and associated arrangements as set out in the report be approved;

- (ii) That the Service Director: Legal and Governance be authorised to finalise the arrangements as approved by Full Council and make any further consequential or minor changes arising from the decision of Council;
- (iii) That the City Council's Constitution as amended, including the Officer Scheme of Delegation for the Municipal Year 2018/19 be approved; and
- (iv) That the elements within the report relating to the LATCO be deferred to the July meeting of Full Council.

12. APPOINTMENTS TO COMMITTEES, SUB-COMMITTEES AND OTHER BODIES

RESOLVED that subject to certain decisions that may from time to time be made by the Council, the following Committees, Sub-Committees and other bodies be appointed with the allocation of seats to political groups shown therein and they be delegated authority to act within their Terms of Reference:

<b>Political Group</b>	<b>Seats on Council</b>		<b>%</b>	
Labour	25		52.08	
Conservative	19		39.58	
Councillors Against Cuts	3		6.25	
Independent	1		2.08	
<b>Committees</b>	<b>Labour</b>	<b>Conservative</b>	<b>Councillors Against Cuts</b>	<b>No. of Seats</b>
Overview and Scrutiny Management(10)	Cllr Fielker Cllr Furnell Cllr Whitbread  3	Cllr Fitzhenry Cllr Galton Cllr P Baillie Cllr Harwood  4	Cllr Morrell Cllr D Thomas  2	9
Planning and Rights of Way (7)	Cllr Coombs Cllr Murphy Cllr Savage Cllr Mitchell  4	Cllr Claisse Cllr L Harris Cllr Wilkinson  3	0	7
Chief Officer Employment Panel (7)	Cllr Hammond Cllr Rayment Cllr Jordan Cllr Paffey  4	Cllr Fitzhenry Cllr Hannides Cllr Galton  3	0	7
Licensing Committee (10) (Min 10 – max 13)	Cllr Mrs Blatchford Cllr Furnell Cllr McEwing Cllr Bogle Cllr Leggett  5	Cllr Parnell Cllr B. Harris Cllr J. Baillie Cllr Streets  4	Cllr T Thomas  1	10

Governance Committee (7)	Cllr Fielker Cllr Kataria Cllr Keogh Cllr Noon  4	Cllr Parnell Cllr Harwood Cllr White  3	0	7
<b>Sub-Committees</b>	<b>Labour</b>	<b>Conservative</b>	<b>Councillors Against Cuts</b>	<b>No. of Seats</b>
Health Overview and Scrutiny Panel (7)	Cllr Bogle Cllr Noon Cllr Savage Cllr Leggett  4	Cllr Houghton Cllr Bell Cllr White  3	0	7
Scrutiny Panel (7)	TBC  4	TBC  3	TBC  0	7
Children's and Families Scrutiny Panel (7)	Cllr Keogh Cllr Taggart Cllr Murphy Cllr Mitchell  4	Cllr Laurent Cllr J Baillie Cllr Guthrie  3	0	7
Licensing General Sub-Committee (5) (Membership must come from membership of Licensing Committee)	Cllr Furnell Cllr Mrs Blatchford Cllr McEwing  3	Cllr B Harris Cllr Parnell  2	0	5
Standards Sub-Committee (3)	2	Cllr Parnell 1	0	3
Standards Appeal Sub-Committee (3)	2	Cllr Parnell 1	0	3
<b>TOTAL</b>	<b>39</b>	<b>30</b>	<b>3</b>	<b>72</b>



2. Appointment to Committees/Sub-Committees and other bodies NOT subject to political proportionality and therefore not included in the above calculations.

<b>Sub-Committee</b>	<b>Labour</b>	<b>Conservative</b>	<b>Councillors Against Cuts</b>	<b>No. of Seats</b>
Licensing and Gambling Sub-Committee (3) (Any 3 Members drawn from the Licensing Committee membership on rotation basis)				3

<b>Other bodies</b>	<b>Labour</b>	<b>Conservative</b>	<b>Councillors Against Cuts</b>	<b>No. of Seats</b>
Hampshire Fire and Rescue Authority (1)	Cllr Mintoff 1	0	0	3
South East Employers (3 + 3 Deputies)	Cllr Fielker  Cllr Whitbread (Deputy) 1+1 Deputy	Cllr Claisse  Cllr Fitzhenry (Deputy) 1+1 Deputy	1+1 Deputy	3 + 3
Local Democracy and Accountability Network for Councillors (2)	0	Cllr Parnell  1	1	2
Partnership for Urban South Hampshire – Overview and Scrutiny Committee (1)	0	Cllr Fitzhenry  1	0	1
Hampshire Police and Crime Panel (1) <i>(Overall proportionality is calculated across the County. This may require a change in appointment)</i>	Cllr Shields  1	0	0	1

Health and Well-Being Board	<p>Council determines the number of places allocated to Elected Members on the Board.</p> <p>The decision as to who to appoint is an Executive Function. Council is requested to determine the membership of the Board as follows:</p> <ul style="list-style-type: none"> <li>• 5 Elected Members of Southampton City Council</li> <li>• Statutory Director for Public Health</li> <li>• Statutory Director for Adult Social Services</li> <li>• Statutory Director Children's Services (Service Director, Children's and Families Services)</li> <li>• Representative of the Clinical Commissioning Group</li> <li>• Representative of Healthwatch</li> <li>• Representative of NHS Commissioning Board's Wessex Area Team</li> </ul>
Chipperfield Trust	All 48 Members to be appointed to Chipperfield Trust

<u>Committee</u>	<u>Chair</u>
Overview and Scrutiny Management	Cllr P Baillie
Planning and Rights of Way Panel	Cllr Savage
Chief Officer Employment Panel	Cllr Hammond
Licensing Committee	Cllr Mrs Blatchford
Governance Committee	Cllr Keogh
Health Overview and Scrutiny Panel	Cllr Bogle
Scrutiny Panel	Appoint as and when needed
Licensing General Sub-Committee	Cllr Mrs Blatchford
Licensing and Gambling Sub-Committee	Appoint as and when needed
Standards Sub-Committee	Appoint as and when needed
Standards Appeal Sub-Committee	Appoint as and when needed
Children's and Families Scrutiny Panel	Cllr Taggart

### 13. CALENDAR OF MEETINGS

The Council approved the following dates for meetings of the Council in the 2018/19 Municipal Year:

18th July 2018  
19th September 2018  
21st November 2018  
20th February 2019 (Budget)  
20th March 2019  
15th May 2019 (AGM)

### 14. DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS

It was noted that no requests for deputations, petitions or public questions had been received.

15. EXECUTIVE BUSINESS REPORT

The report of the Leader of the Council was submitted setting out the details of the business undertaken by the Executive.

The Leader and the Cabinet made statements and responded to Questions.

It was noted that there were no questions submitted in accordance with Council Procedure Rule 11.1

16. MOTIONS

(a) Safe Standing at Southampton Football Stadium

Councillor Pope moved and Councillor Shields seconded.

This Council supports standing up for Southampton FC fans and standing up with Saints fans. But since the Taylor Report, and changes to safety regulations, fans are not allowed to stand up at the match.

Yet Saints' fans passion means that they do stand at every match in the Itchen and Northam stands. They want to stand. They want to sing. They want to shout. Safe standing allows them to support the team with more passion and to do so safely.

This Council supports the national campaign for Safe Standing in the Premier League, and supports Safe Standing at St. Mary's Stadium.

This Council agrees to write to the Board of Saints and to the Secretary of State to urge the Government and/or Parliament to change legislation to allow trials in the Premier League and then full installation of rail seats or other safe alternatives.

UPON BEING PUT TO THE VOTE THE MOTION WAS DECLARED CARRIED.

RESOLVED: that the Motion be approved.

17. QUESTIONS FROM MEMBERS TO THE CHAIRS OF COMMITTEES OR THE MAYOR

It was noted that there were no questions from Members to the Chairs of Committees or the Mayor.

18. SOUTHAMPTON CITY COUNCIL ELECTIONS 2018

The report of the Returning Officer detailing the results of the Southampton City Council Elections on 3 May 2018 was noted.

19. OVERVIEW AND SCRUTINY: ANNUAL REPORT 2017/18

The report of the Chair of the Overview and Scrutiny Management Committee detailing the Overview and Scrutiny Management Committee Annual Report 2017/18 in accordance with the Council's Constitution was noted.

20. OVERVIEW AND SCRUTINY: SUMMARY OF CALL-IN ACTIVITY

The report of the Service Director: Legal and Governance providing an update to Council on the use of Call-In by the Overview and Scrutiny Management Committee over the previous 6 months was noted.

21. CLEAN BUS TECHNOLOGY FUND

The report of the Cabinet Member for Environment and Transport seeking approval for funding awarded to Southampton City Council from the Department for Transport's Joint Air Quality Unit was submitted.

RESOLVED:

- (i) That funding totalling £2,677,835, awarded by the Department for Transport for 2017/2018 and 2018/2019 be accepted; and
- (ii) That expenditure of £2,677,835 by the end of 2018/19 by way of reimbursement to bus operators on receipt of invoices following the purchase and installation of Clean Bus Technology Fund approved technology from their chosen suppliers be approved.

# Agenda Item 5

<b>DECISION-MAKER:</b>		<b>COUNCIL</b>		
<b>SUBJECT:</b>		<b>EXECUTIVE BUSINESS REPORT</b>		
<b>DATE OF DECISION:</b>		<b>18 JULY 2018</b>		
<b>REPORT OF:</b>		<b>LEADER OF THE COUNCIL</b>		
<b><u>CONTACT DETAILS</u></b>				
<b>AUTHOR:</b>	<b>Name:</b>	<b>Felicity Ridgway, Service Lead - Policy, Partnerships and Strategic Planning</b>	<b>Tel:</b>	<b>023 8083 3310</b>
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<b>Director</b>	<b>Name:</b>	<b>Emma Lewis, Service Director – Intelligence, Insight and Communications</b>	<b>Tel:</b>	<b>023 8091 7984</b>
	<b>E-mail:</b>	<b>emma.lewis@southampton.gov.uk</b>		

<b>STATEMENT OF CONFIDENTIALITY</b>	
None	
<b>BRIEF SUMMARY</b>	
This report outlines the executive business conducted since the last Executive Business Report to Full Council on 16 <sup>th</sup> May 2018	
<b>RECOMMENDATIONS:</b>	
(i)	That the report be noted.
<b>REASONS FOR REPORT RECOMMENDATIONS</b>	
1.	This report is presented in accordance with Part 4 of the Council's Constitution.
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>	
2.	Not applicable.
<b>DETAIL (Including consultation carried out)</b>	
3.	<p>I would like to take this moment to mark the one year anniversary of the devastating fire at Grenfell Tower in London, which occurred on 14 June 2017, and in which 72 people lost their lives. I would also like to pay tribute to the hard work and dedication of all those working to deliver further improvements to tower blocks in Southampton.</p> <p>In partnership with Hampshire Fire and Rescue Service, we have installed new sprinkler systems at Shirley Towers, Albion Towers and Sturminster Towers. Work on sprinkler installation is also nearing completion at Canberra Towers, Redbridge Towers and Millbrook Towers. Works commenced in April on the five high rise blocks in International Way, and work on all five blocks is due to complete by the end of February 2019. Work will start this month in Dumbleton Towers and work in Hightown Towers and Meredith Towers will follow on. Sprinkler installation work is currently being programmed for Millbank Tower and Castle House. This programme will ensure all council owned towers over 30 metres are fitted with sprinklers, alongside other fire safety works including the upgrading and replacement of communal fire doors, flat front doors and fire stopping.</p>

	<b>STRONG AND SUSTAINABLE ECONOMIC GROWTH</b>
4.	I was very pleased to hear that Southampton's economic growth has been highlighted in the Irwin Mitchell UK Power House Consumer Economy 2018/19 report. Southampton has risen to 9 <sup>th</sup> place out of 44 cities, an increase of 3 places on last year's placing. The report ranks UK cities for the growth of their consumer sector, and shows that Southampton's consumer sector is currently growing at a rate of 2.6%, year on year.
5.	I was pleased to hear that work has commenced on a major Build to Rent regeneration project at East Street that will completely transform a key part of Southampton City Centre. The £27M development will feature a range of contemporary one and two bedroom apartments, and will be the second Build to Rent development in the city.
6.	It was fantastic to see that West Quay South has won two prestigious architecture awards at this year's Prix Versailles awards. These were awarded for 'best new shopping centre design in the world', and 'best new shopping centre in the world'. This is a fantastic example of the type of project our Development and Regeneration team work with our partners to deliver.
7.	It was great to hear that work has started on the renovation of one of Southampton's cultural and historical landmarks, God's House Tower. This will include the removal of modern internal walls, installation of a lift to make the building accessible, restoration of the original doorway on Town Quay Road, as well construction of a new extension to house facilities. God's House Tower will host exhibitions of the building's history, and provide additional exhibition space for future exhibits. The Council has made a modest financial contribution to aSpace who have raised £2.5m to take the project forward
8.	I was pleased to learn of the work of the council's Employment Support Team, in partnership with Job Centre Plus and the Federation of Small Businesses, to run a series of sessions for council tenants that want to start their own business. These were held between 18-20 June and covered what life is like being self-employed, managing your finances, legalities, tax and insurance and how to create a viable business plan.
9.	There is so much to be proud of in Southampton, including the opening of 'Network' on the second floor of the Marlands Shopping Centre in early 2019. 'Network' is a contemporary open plan floor space, and will offer members flexible new co-working space, giving entrepreneurs the freedom to work in a collaborative environment. Southampton City Council is making a £1.5M capital investment in the project, and Ellandi, the asset managers of the Marlands, are also investing to create a new dedicated entrance from Portland Terrace, as well as installing new lifts and replacing windows.
	<b>CHILDREN AND YOUNG PEOPLE GET A GOOD START IN LIFE</b>
10.	I am pleased to announce that the latest Ofsted focused review of the council's arrangements to support care leavers and looked after children has recognised the positive improvements to the service. Following the inspection, Ofsted has reported that Southampton City Council has a determined and stable senior leadership team and has made positive improvements to the service for care leavers, supported by a strong commitment and financial investment from political leaders.
11.	Continuing with the recent Ofsted success, I would like to congratulate Hightown Primary School on their recent Ofsted inspection, where they were rated overall as a 'Good' school. Credit and praise is due to all the staff, pupils, parents and governors at the school for their hard work to achieve this result.
12.	Well done to everyone who took part in the Southampton Foster Carers Association Bring your Bear for Foster Care day on the 18 May 2018. Officers and Members raised £617

	and it was brilliant to see such a great response from all those who took part. The video created to promote the event received almost twenty thousand views on social media.
13.	I'm delighted to announce that Southampton City Council has been accepted into the British Youth Council. Becoming part of the British Youth Council will help the council to create new opportunities and strengthen our dedication to empowering the young people of Southampton. I would also like to congratulate Shanté Jackson, who has been elected as Southampton's Member of Youth Parliament by Southampton City Council's Youth Forum. I was impressed by Shanté's enthusiasm and passion for Southampton, and I wish her all the best representing the young people of Southampton at a national level.
14.	It was great to hear about the Healthy High 5 Award launched by Public Health and Solent NHS, which will make it even easier for schools to help students get fit, eat well and live balanced lives. Healthy High 5 is an easy-to-follow framework for teachers and students, which focusses on physical activity, access to water, healthy lunch, breakfast and afterschool clubs, mindfulness, and nurturing nature.
15.	It was good to hear that 220 early years and childcare providers attended a Partnership launch event on 12 May 2018 at St Mary's Stadium. Preschool, nursery and school practitioners and leaders and childminders came together to explore how to work in partnership to better meet the needs of working parents following the introduction of the 30 hour offer for 3 and 4 year olds, as well as how they can help children reach their full potential.
16.	I was pleased to hear that Springwell School has received a £5,000 community grant from the Tesco 'Bags of Help' scheme to improve the school's courtyards and transform them into interactive outdoor classrooms. The project was initially shortlisted to the top three from hundreds of applications and during March and April 2018, Tesco customers throughout the city voted for their favourite project, in which the Springwell Courtyard project was awarded first place.
17.	Congratulations to Fairisle Junior School who were awarded a golden rose to celebrate receiving their Gold award from Modeshift STARS (Sustainable Travel Accreditation and Recognition Scheme). The Gold award is the highest accolade on offer, and shows that Fairisle Junior School have achieved a noticeable reduction in car usage through their efforts to promote sustainable travel on the journey into school.
	<b>PEOPLE IN SOUTHAMPTON LIVE SAFE, HEALTHY, INDEPENDENT LIVES</b>
18.	At its June meeting, Cabinet agreed to launch the 12-week Clear Air Zone Consultation in partnership with New Forest District Council. This will help seek views on the council's implementation of a Clean Air Zone to help reduce nitrogen dioxide pollution in the atmosphere. The consultation launched on Clean Air Day, 21 June 2018.
19.	I was pleased to attend another successful Clean Air Day on 21 June 2018. Clean Air Day is a national event, aimed at improving air quality around the country, which is something we are hugely passionate about in Southampton. This year, Guildhall Square and the Civic Centre car park hosted a festival for council staff and members of the public, to celebrate and champion cleaner air in the city. This included live music and entertainment, electric vehicle promotion, support from the My Journey team for car free journeys, as well as health checks and lung function tests.
20.	It is exciting to see that work has started on Potters Court, the city's largest Housing with Care development, at Wimpson Lane in Maybush. The scheme will consist of 99 new affordable homes, including 84 'housing with care' apartments, which provide purpose built homes for adults of all ages who would benefit from being able to live independently in a supportive environment. Potters Court will give tenants freedom and

	flexibility, with the option for care when desired. Residents will live in their own private home, with their own front door and can chose to join in social activities or follow their own schedule. This will build on the success of Erskine Court in Lordshill which opened in summer 2016.
21.	I was pleased to see the Southampton Guildhall light up blue to celebrate the National Health Service's 70 <sup>th</sup> birthday on 5 July 2018. I am proud of the partnership between Southampton City Council and the NHS to improve health and wellbeing, and I would like to thank all the NHS doctors, nurses, care staff, volunteers and others who work so hard every day to help others and work to achieve a healthy Southampton for all.
22.	I'm pleased to announce that Southampton City Council launched the not for profit energy provider, CitizEn Energy on 28 June. CitizEn offers customers fairly priced gas and electricity to residents of Southampton and other parts of the South, South West and the Midlands. By the end of year five, CitizEn Energy is projected to make a net income of £263,977, that will be invested straight back into any energy-related projects to help improve the lives of residents.
23.	It was great to hear that there has been a reduction of over 4,000 lost bed days at University Hospital Southampton due, in part to the hard work of the Complex Care and Hospital Discharge Team, The Integrated Commissioning Unit, Homecare agencies and improved Better Care Fund investment.
24.	Residents, local school children and members of the local community have come together to celebrate their efforts to improve their communal garden at Toronto Court. Toronto Court was the first complex built for sheltered housing in Southampton in 1951, which was part-funded by the people of Toronto in Canada in response to Southampton's support for their troops during the Second World War. A Canadian brown bear art display and a resident-designed maple leaf have now been installed, honouring the community's long standing connections to Canada.
25.	I was pleased to hear that the Transforming Care Partnership, which includes Southampton's Integrated Commissioning Unit (ICU), Hampshire County Council, Isle of Wight Council and Portsmouth City Council (SHIP) have received a £74,000 grant from Health Education England. This will be used to help ensure that all health and social care services supporting or interacting with individuals who have a learning disability have enough staff, with the right skills, to deliver high quality services now and into the future.
26.	It was pleasing to hear that Southampton City Council's sustainable travel brand 'My Journey' has teamed up with walking and cycling charity Sustrans and the University of Southampton to change the face of Sholing's streets. Pupils, parents and staff from Valentine Primary school, as well as local residents had the opportunity to redesign Valentine Avenue in a temporary road closure on 22 June 2018. Temporary seating, urban furniture and planting were trialled during the closure and will remain in place for a month in a bid to make the street more attractive and safer for children and to encourage greater levels of active travel amongst residents.
27.	It was good to hear about all the work being done to combat loneliness, in partnership with the Southampton City NHS Clinical Commissioning Group (CCG) and our community partners. A range of activities have been undertaken recently, including: <ul style="list-style-type: none"> <li>• Get Online and Stay in Touch – a free roadshow for council tenants that was held on Wednesday 20 June – Friday 22 June, to support people that want to learn how to use tablets and mobile phones to stay in touch with friends and family.</li> <li>• Activity Sessions for the 50+ - activities at the councils 24 supported housing schemes are available for anyone in the community aged 50+. These included coffee mornings, bingo sessions, games evenings, lunch clubs, and reminiscence groups.</li> </ul>



	<ul style="list-style-type: none"> <li>• Great Get Together – Friends of Freemantle Lake Park Picnic – On Saturday 23 June, Friends of Freemantle Lark Park invited members of the community to bring a picnic and encouraged people to participate in free activities at their Great Get Together. The event was assisted by a council grant.</li> <li>• GENIE tool to combat social isolation – The council and the CCG are working with community partners to implement a software tool (GENIE), developed by the University of Southampton, that helps combat social isolation by mapping an individual's social networks and then connecting them with activities and opportunities in the local community.</li> </ul>
28.	<p>Linked to the above, I was pleased to see our Junior Neighbourhood Warden scheme is continuing to help combat loneliness in the city. A project has been running for over a year where, once a fortnight, pensioners and the Junior Neighbourhood Wardens get together for an evening of fun that helps break down barriers, combat loneliness and promote understanding between different age groups. Anyone over the age of 60 living in the local community can join in the free activities including trips out, games, quizzes, arts and crafts, cooking and using new technology.</p>
	<p><b>SOUTHAMPTON IS AN ATTRACTIVE AND MODERN CITY WHERE PEOPLE ARE PROUD TO LIVE AND WORK</b></p>
29.	<p>It was great to see another successful year for Common People. The two-day music festival held on the Common on 26-27 May 2018 hosted almost 20,000 visitors. This year, festivalgoers were treated to sets from The Jacksons, Lily Allen, James, Sparks, All Saints and many more, as well as delicious food and drink from 22 street food stalls.</p>
30.	<p>I was proud to see that our city hosted its first ever Armed Forces Day event on 1 July 2018. Southampton has a long military history and 2018 is the centenary year of the Royal Air Force, 100 years since the end of World War 1, and the tenth anniversary of Armed Forces day. The event consisted of a military parade through the city centre, which comprised of military personnel, armed forces veterans, cadet forces, re-enactors and marching bands, plus numerous wheeled military vehicles and motorcycles, many ridden and driven by veterans.</p>
31.	<p>I am looking forward to seeing an explosion of colour at Southampton's well established Mela Festival on 14 July 2018. Hoglands Park will be filled with an assortment of music and dance styles from South Asia and around the world, as well as international food and market stalls and many family-friendly activities. Southampton is called the gateway to the world, and we are proud of our diverse communities.</p>
32.	<p>Southampton has continued to offer a wide range of interesting, family friendly events to both residents and visitors. Many events were led, facilitated or supported by the council's events team and as well as the ones already referred to above, these have included:</p> <ul style="list-style-type: none"> <li>• Pillars of Dawn, Friday 25 May 2018 – October 6 2018 – Southampton City Art Gallery.</li> <li>• Southampton Fake Festival, Saturday 2 June 2018 – six tribute bands took to the stage at Mayflower Park.</li> <li>• Street Jam Live, Saturday 9 June 2018 – Solent Showcase Gallery celebrated street art, music and creativity.</li> <li>• Let's Ride Southampton, Sunday 17 June 2018 – 9000 cyclists enjoyed a traffic free cycling route across the city centre, that took in the sights of Guildhall Square, Southampton Common and East Park.</li> <li>• Dine High Club, Wednesday 27 June-Saturday 30 June 2018 – Diners experienced fine dining suspended 100ft in the air above Guildhall Square.</li> <li>• Seawork International 2018, Tuesday 3 July-Thursdays 5 July – Europe's largest commercial marine and workboat exhibition held on Mayflower Park.</li> </ul>

	<ul style="list-style-type: none"> <li>Let's Rock! Southampton, Saturday 7 July 2018 – Festival-goers enjoyed a fantastic 80's music festival, with the likes of Adam Ant, Sister Sledge, ABC and many others on Southampton Common.</li> <li>Big Fun Run Southampton, Sunday 15 July 2018 – an untimed 5k run in the Common, where participants run for charity or just for fun.</li> </ul>
	<b>A MODERN, SUSTAINABLE COUNCIL</b>
33.	I am proud to announce that the Local Land Charges team have been awarded the Gold Standard award for the fifth year running by the Local Land and Property Gazetteer. The award highlights Custodians' roles within their authorities and enable their work to be more widely promoted to all parts of the authority, as well as being externally recognised.
34.	It was pleasing to hear that our Building Control team has recently secured ISO 9001 certification. To achieve this, organisations need to show that their Quality Management System is appropriate and effective, and goes beyond customer expectations. Our team are in the first wave of Local Authority services to attain this standard. Certification was also awarded to our Highways Partner, Balfour Beatty Living Places, who were recognised with an ISO44001 certification for Collaborative Business Working Relationship Management Systems.
35.	I am pleased to announce that the process for planning applications has been improved with the introduction of an online payment system, which went live on 22 May 2018. This is further evidence of the council driving forward with digital improvement of its services.
36.	It was good to hear that the council's Business Support Service is continuing to drive efficiency and sustainability in regards to customer interaction with the Building Control service. Improvements have recently been made in digitising completion certificates, and sending them to customers via email, rather than by post. This saves the service both time and money, whilst providing a faster service for the customer.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
37.	None
<b><u>Property/Other</u></b>	
38.	None
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
39.	As defined in the report appropriate to each section.
<b><u>Other Legal Implications:</u></b>	
40.	None
<b>RISK MANAGEMENT IMPLICATIONS</b>	
41.	None
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
42.	None

<b>KEY DECISION?</b>	<b>No</b>
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<b>WARDS/COMMUNITIES AFFECTED:</b>	None
<u>SUPPORTING DOCUMENTATION</u>	
<b>Appendices</b>	
1.	None
<b>Documents In Members' Rooms</b>	
1.	None
<b>Equality Impact Assessment</b>	
<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</b>	<b>No</b>
<b>Data Protection Impact Assessment</b>	
<b>Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.</b>	<b>No</b>
<b>Other Background Documents</b>	
<b>Other Background documents available for inspection at:</b>	
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>
None	

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<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	DELIVERING THE COUNCIL STRATEGY		
<b>DATE OF DECISION:</b>	18 JULY 2018		
<b>REPORT OF:</b>	LEADER OF THE COUNCIL		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Suki Sitaram:</b> <b>Chief Strategy Officer</b>	Tel: 023 8083 2060
	<b>E-mail:</b>	<b>suki.sitaram@southampton.gov.uk</b>	
<b>Director</b>	<b>Name:</b>	<b>Suki Sitaram:</b> <b>Chief Strategy Officer</b>	Tel: 023 8083 2060
	<b>E-mail:</b>	<b>suki.sitaram@southampton.gov.uk</b>	

## STATEMENT OF CONFIDENTIALITY

N/A

## BRIEF SUMMARY

The council is committed to making a difference to the lives of city residents by improving their outcomes. Since becoming Leader of the Council, following the May elections, Councillor Hammond has set out his vision and the specific areas he would like the council to focus on within each outcome in the Council Strategy 2016-2020. This report provides details on draft Outcome Plans which bring together the following key elements, setting the direction of travel for the council in the medium term and objectives for 2018/19:

- Council Strategy 2016-20 which provides the framework for business as usual activities and service improvements that the Administration want delivered
- The areas of focus
- Major projects to be delivered in 2018/19
- An ambitious capital programme of approximately £351M for period 2018/19 to 2021/22
- Executive's Commitments
- LGA Peer Review recommendations for further improvement.

The Council Strategy (available on the council's website) sets out the four key outcomes, and all the strategies in the framework are aligned to supporting the delivery of the outcomes. This is supported by a fifth internal outcome which is for the council to become a modern, sustainable organisation.



Southampton has strong and sustainable economic growth



Children and young people get a good start in life



People in Southampton live safe, healthy, independent lives



Southampton is an attractive modern city, where people are proud to live and work

**WE AIM TO BE A MODERN AND SUSTAINABLE COUNCIL**

The council started to implement Outcomes Based Planning and Budgeting (OBPB) in the autumn of 2016 and since then has been refining the approach. This is to ensure clarity and close alignment between the delivery of the Council Strategy and resource allocation. This is supported by a policy framework and a drive for service improvement which uses evidence from business intelligence, customer insight, strategic analysis, and needs assessment. We now work to a suite of key strategies that drive our plans set within the framework of:

- Council Strategy 2016-20
- Medium Term Financial Strategy
- Customer Strategy and Digital Strategy
- Workforce Strategy.

The Leader’s specific areas of focus and the Executive’s Commitments link closely to the outcomes in the Council Strategy. They range from top priorities to specific work that the council will undertake to explore feasibility, affordability and to develop options for consideration. These have been incorporated into the draft Outcome Plans.

The council also invited the Local Government Association (LGA) to conduct a Peer Challenge in September 2017 so that there is independent feedback on the progress made since 2013. Their report and recommendations for further improvements have also been incorporated into the draft Outcome Plans so that there is a single plan for driving the delivery of our Council Strategy outcomes and service improvements.

**RECOMMENDATIONS:**

(i)	To approve the key areas of focus within each outcome (Appendix 1)
(ii)	To approve the Executive’s Commitments (Appendix 2)
(iii)	To thank the LGA Peer Challenge team for their report (Appendix 3) and accept their recommendations.
(iv)	To note the council’s responses to the LGA Peer Challenge recommendations and that actions relating to them have been incorporated into the draft Outcome Plans (Appendix 4).
(v)	To approve the draft Outcome Plans (Appendix 5) and delegate authority jointly to the Interim Deputy Chief Executive and the Service Director, Finance and Commercialisation to finalise and make any further changes to the agreed Outcome Plans, following discussion with Leader and Cabinet.
(vi)	To note the explicit alignment and linkage between Council Strategy, Medium Term Financial Strategy, Workforce Development Strategy, Customer Strategy and the Digital Strategy as shown in Appendix 6.

**REASONS FOR REPORT RECOMMENDATIONS**

1.	This report brings together a number of elements that form the council’s policy direction and provides staff with the start of the ‘golden thread’. This will assist all staff to be clear about how their work contributes to the delivery of the Council Strategy, the Leader’s areas of focus and the Executive’s Commitments. The council reviews Outcome Plans every year. This year it is also necessary to incorporate the Leader’s vision, recommendations of the Peer Challenge and related actions as well as the revised Executive’s Commitments, in line with the recommendations of the Peer Challenge.
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**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. The alternative option of having 4 different documents (Leader’s Focus, Executive’s Commitments, Outcome Plans and Peer Challenge Action Plan) was considered and rejected because they will not provide a joined up approach and monitoring will be unnecessarily complicated.

**DETAIL (Including consultation carried out)**

3. The Council Strategy 2016-20 was approved in 2016 and provides a strategic way forward in delivering a better quality of life for our residents. The council has to deliver this Strategy in a climate of ongoing financial challenges where funding is reducing year on year and we have to be more self-sufficient by 2020/21. This is against a backdrop of needing to become more commercially minded, increasing demands for some of our high cost services and radical changes in resident expectations of accessing council services. Therefore, it is necessary for the council to become a modern, sustainable organisation and it has been on a journey to implement an agreed operating model, supported by the delivery of key strategies, mainly the Medium Term Financial Strategy, Workforce Strategy, Customer Strategy and Digital Strategy.

**Areas of focus**

4. Alongside delivering a vast range of important services and service improvements the Leader wants the council to focus on the following areas, details of which can be found in Appendix 1:

<i>Council Strategy outcomes</i>	<i>Leader’s focus</i>
Southampton has strong, sustainable economic growth	Homes for all
Children and young people get a good start in life	Aspiration
People in Southampton live safe, healthy, independent lives	Rebuilding communities
Southampton is a modern, attractive city where people are proud live and work	Clean and green
A modern, sustainable council	Southampton Pound

**Executive’s Commitments**

5. Following achievement of most of the current Executive Commitments, the Leader and Cabinet have decided to refresh them and the revised Executive’s Commitments aligned to the Council Strategy outcomes are detailed in Appendix 2. These range from top 20 commitments to areas where officers will be exploring whether the objectives are achievable and affordable and providing options for the Administration to consider.

6. One of the Peer Challenge recommendations was to develop a single set of political, organisational and vision based priorities that are unique to Southampton by including the ‘Executive Commitments’ within the Council Strategy so it is seen to be informed by political priorities as well as data and analysis of need. As there is no immediate plan to refresh the Council Strategy, the actions to deliver the Executive Commitments have been incorporated into the revised draft Outcome Plans.

**LGA Peer Challenge**

7.	<p>The council commissioned a Corporate Peer Challenge in September 2017 led by the Local Government Association (LGA). This was to assess progress since the first Corporate Peer Challenge in July 2013, to provide an independent, external view of performance and inform improvement priorities. Peer Challenges are delivered by experienced elected Member and officer peers. The current LGA sector-led improvement support offer includes an expectation that councils will have a Corporate Peer Challenge or Finance Peer Review every 4 to 5 years.</p>
8.	<p>The team who delivered the peer challenge at Southampton City Council were:</p> <ul style="list-style-type: none"> <li>• Keith Ireland – Managing Director, City of Wolverhampton Council</li> <li>• Councillor Jon Collins – Leader, Nottingham City Council</li> <li>• Robin Porter – Deputy Chief Executive, Luton Council</li> <li>• Sarah Reed – Director of Strategy, Partnerships and Transformation, Sunderland City Council</li> <li>• Julia Veall - Transformation Director, Gateshead Council</li> <li>• Paul Clarke – Programme Manager, Local Government Association (LGA).</li> </ul>
9.	<p>The scope and focus of the Peer Review covered the following areas that were considered to be critical to council's performance and improvement:</p> <ul style="list-style-type: none"> <li>• Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?</li> <li>• Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?</li> <li>• Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?</li> <li>• Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?</li> <li>• Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?</li> </ul>
10.	<p>The Peer Challenge team used the 2013 Peer Challenge report as a benchmark as well as drawing on knowledge of current practice and progress in other councils. Peer Challenges are not inspections but improvement-focussed and tailored to meet the needs of individual councils. They are designed to complement and add value to a council's own performance and improvement focus. The Peer Challenge team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read. The Peer Challenge report is attached at Appendix 3.</p>
11.	<p>It is reassuring that the Peer Challenge team have recognised that notable progress has been made since July 2013. Their report also recognises that many of the recommendations made by the Peer Challenge team in 2013 have been followed through, helping to improve performance and change the organisational culture in the council. This improvement has also been recognised by a range of internal and external stakeholders. In stating that the council should be proud of the journey it has been on, and be confident about responding to the current and future challenges it</p>



	<p>faces, the summary identified a number of positives which provide a good basis on which to make further headway with the organisational development and increased effectiveness that is required to deliver the ambitious vision and priorities.</p>
12.	<p>The Peer Challenge team have highlighted that in order to make further headway, it will be important for the council to continue to not to lose sight of and focus on the basics – both in terms of service delivery and the systems, processes and operating procedures that support managers, staff and councillors to get their job done. It recognised that the drive for the transformation journey is about delivering outcomes and becoming an organisation that is commercially aware and “savvy”. Redesigning the organisation with different behaviours and expectations is therefore important and while the ‘One Council’ approach has delivered positive benefits so far, it is important to continue with this. This is one part of the transformation journey, and not the only aspect which sets the culture of the organisation.</p>
13.	<p>The positives highlighted in the Peer Challenge report were:</p> <ul style="list-style-type: none"> <li>• The council has become a credible and respected ‘leader of place’ and played a proactive role in the sub-regional discussions about devolution, a key role in the integration of health and social care in the City, and sought to influence regional and national thinking.</li> <li>• There is a widespread recognition of the leadership provided, particularly by the (previous) Leader of the Council and the (previous) Chief Executive, which has helped to develop positive and constructive relationships, and an enhanced reputation with many external partners. They increasingly see the council as a reliable organisation that they respect and trust, and have confidence in its ability to deliver. Those relationships and a good track record of working with partners are key strengths for the council.</li> <li>• There has, for example, been good progress in getting to grips with the financial challenge and the delivery of significant savings (£79.6M since the last Peer Challenge), the development of a medium term financial strategy and the recent introduction of a four year budget have helped put the council on a more stable financial footing. It is providing the basis on which to plan further ahead, and is giving assurance to senior officers and councillors about the council’s ability to meet the ongoing financial challenge.</li> <li>• Progress has also been made on addressing and responding to other key challenges. There has been tangible delivery against stated priorities such as health and social care integration, place shaping and physical regeneration. The latter in particular is noticeable as significant new developments and impressive public realm improvements across the city are completed. The City Centre Masterplan, developed with businesses and stakeholders, has helped to enable significant investment in the renaissance of the city, and there is an ambitious programme moving forward comprising a range of ‘very important projects’.</li> <li>• The council is clearly committed to engaging communities and stakeholders in informing priority setting, decision making and service improvements. There has been an obvious shift since 2013 in how the council does that. There is a recognition of the importance of seeking views and collating intelligence which is demonstrated by an array of consultation and engagement initiatives and approaches - both formal and informal.</li> <li>• The council has also invested to develop its analysis and needs assessment capability, business intelligence and customer insight as it has sought to</li> </ul>

	<p>become more evidence-led in its decision-making and policy development. It now needs to utilise the data in a more strategic and targeted way.</p> <ul style="list-style-type: none"> <li>• The progress made since 2013 means the council has a number of strengths and assets which will help it respond to the challenges ahead. There is an improved level of confidence and leadership in articulating a vision and priorities for both council and city. There is an increased clarity about what the organisation is striving to achieve, and a stated ambition to be more outcome based and evidence led.</li> <li>• The council benefits from competent and committed councillors, and an evolving ‘one council’ culture and mindset. There is an obvious commitment to strong governance and improved performance management.</li> <li>• There is generally a good awareness of key areas for further development, such as the need to develop and implement digital transformation – albeit a need to get a better grip on some of that.</li> </ul>
14.	<p>The Leader’s recommendation is for the council to accept the Peer Challenge recommendations in full (Appendix 3). As a lot of the work is already underway, Appendix 4 identifies our responses and how these have been or will be incorporated into current work programmes. This is to ensure we have a streamlined way of embedding the recommendations.</p>
<p><b>Outcomes Based Planning and Budgeting</b></p>	
15.	<p>Outcomes Based Planning and Budgeting (OBPB) is a method of business planning and budgeting in which funds are allocated according to a set of predefined outcomes or priorities. This model is often part of a more commissioning-based approach to service delivery and was developed in 2016. It enables Members to reshape and re-channel resources between the top outcomes and within each of the outcomes, taking a ‘one council’ approach.</p>
16.	<p>The focus of OBPB is to determine what outcomes are being achieved from services provided and whether they are beneficial and make a difference to residents, customers and businesses. Planning and budgeting for outcomes means the council focuses on what it is trying to achieve, and the impacts on citizens and stakeholders, rather than products, systems or processes. This means that the council has alignment between strategy development, financial planning and business planning through an integrated, single process that delivers outcomes we want for the city, within a longer time frame. It provides a ‘golden thread’ so that all staff can understand how they contribute to the delivery of the Council’s Strategy.</p>

	<p>Council Strategy outcomes – what we want to achieve and why (BAU, Service Improvement and Capital)</p> <p>Leader’s focus, top 20 commitments and key major projects</p> <p>Baselining to agree priorities for resource allocation across all 5 outcomes</p> <p>Business planning – how we will achieve outcomes, and service redesign within the agreed financial envelopes</p> <p>Annual Performance Reviews and objective setting to ensure personal accountability for achieving outcomes – the golden thread</p>
17.	<p>The draft Outcome Plans attached at Appendix 5 detail the key achievements in 2018/19 and show the performance trends for the measures in the Council Strategy 2016-20. They identify, in addition to the Leader’s areas of focus, key elements of business as usual, service improvements, and capital projects that we want to deliver in 2018/19. They also incorporate all the Executive’s Commitments as well as other key projects identified by Cabinet and the Council Management Team. Further work is underway in reviewing the performance measures and it is recommended that the final changes will be agreed through delegated authority, as reflected in recommendation (v).</p>
18.	<p>When setting the Outcome Plans, the Leader has identified growth in income from business rates and council tax as well as potential commercial opportunities. This has enabled the council to protect front line, universal services that are important to residents, although as the combined budget for outcomes relating to children getting a good start in life and safe, healthy, independent lives is 52% of the council’s total budgeted spend in 2018/19 of £180.9M, the council has had no option but to reduce these budgets. However, in order to minimise the impact, it is continuing to work with partners on prevention, early intervention and improving practice and performance to reduce costs.</p>
19.	<p>In light of the financial challenges, the council intends to start consultation in Autumn 2018 on the savings proposals so that in February 2019 it can set a balanced budget, whilst continuing to improve outcomes for everyone in the city.</p>
20.	<p>In arriving at robust business plans within these reduced financial envelopes, this year the council is using the ‘Business Academy’ approach (delivered in conjunction with Essex County Council) which was successfully piloted for services who are in scope for the LATCo to produce their business plans. This is designed to be part of the overall management development programme, thereby also helping to deliver a key aspects of the Workforce Strategy.</p>

21.	Finally, in response to the Peer Challenge recommendation of making explicit the alignment and linkage between the key strategies, Appendix 6 provides the summary.	
22.	The Outcome Plans also identify specific capital investments the council will be making in 2018/19 to progress specific objectives and targets the Leader wants to achieve. These are in addition to business as usual activities and are summarised below.	
	<b>Outcome</b>	<b>Key Projects</b>
	Economic growth	Generate more income from property investments and efficiencies from Capital Assets
		Invest in citywide infrastructure: <ul style="list-style-type: none"> <li>• Cycling improvements</li> <li>• Public transport</li> <li>• Integrated transport</li> <li>• Bridges maintenance</li> <li>• Electric vehicles infrastructure</li> </ul>
	Children and young people get a good start in life	Invest in expansion of our Early Years services
		Continue the programme of investing in council play parks starting with Mansel Park and then Riverside Park
		Invest in our schools capital programme to improve our schools estate
	Safe, Healthy, independent lives	Continue to deliver energy efficiency measures in council owned properties
		Continue investment in estate regeneration
		Continue to maintain and improve council housing stock
		Continue to make best use of care technology
		Continue to deliver adaptations to help people live independently in their own homes
	Attractive, modern city	Street Cleaning
		Roads and pavements
		Cultural and leisure offer
	Modern, sustainable council	Invest in accommodation improvements including responding to feedback in the Staff Survey
		Invest in digital improvements
	Other programmes	As detailed in General Fund and Housing Revenue Account Capital Programme Outturn 2017/18

## RESOURCE IMPLICATIONS

### Capital/Revenue

23. There are no additional resource requirements arising from the approval of the council's revised Outcome Plans or response to the LGA Corporate Peer Challenge recommendations. Any new work arising from the Executive's Commitments will be taken into account in future outcome planning and budgeting exercise and form part of the Medium Term Financial Strategy budget proposals.

### Property/Other

24.	None
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
25.	The Outcome Plans and Executive's Commitments support the Delivery of the Council Strategy 2016-2020. The statutory powers for producing this strategy can be found in the Local Government & Housing Act 1989, Local Government Acts 1972, 1999 and 2000 and s1 Localism Act 2011.
26.	S.111 Local Government Act 1972 provides the power to do anything calculated to facilitate the delivery of the council's primary functions.
<b><u>Other Legal Implications:</u></b>	
27.	In preparing the Outcome Plans and Executive's Commitments the council has had regard to its duties under the Equalities Act 2010, the Human Rights Act 1998 and s.17 of the Crime and Disorder Act 1998.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
28.	Strategic risks are managed through an existing framework of the Corporate Risk Register, the Contract Procedure Rules and the Financial Procedure Rules and EU public procurement law. There are no specific risks identified with the adoption of the Outcome Plans and Executive's Commitments.
29.	New risks may arise from new projects or investment to deliver the Executive's Commitments. These risks will be identified and controlled as part of the decision making process.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
30.	The Outcome Plans and Executive's Commitments will support the delivery of the Council Strategy 2016-2020 and the Council's Policy Framework.

<b>KEY DECISION?</b>	<b>No</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	None
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	Leader's areas of focus for each outcome
2.	Executive's Commitments
3.	LGA Peer Challenge Report
4.	Draft council response to the LGA Peer Challenge Recommendations
5.	Outcome Plans <ul style="list-style-type: none"> <li>a. Strong, sustainable economic growth</li> <li>b. Children in Southampton get a good start in life</li> <li>c. People in Southampton live safe, healthy, independent lives</li> <li>d. Southampton is an attractive, modern city where people are proud to live and work</li> <li>e. A modern, sustainable council</li> </ul>
6	Strategic Framework
7	Equality and Safety Impact Assessment

**Documents In Members' Rooms**

	None	
<b>Equality Impact Assessment</b>		
<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out?</b>		<b>Yes</b>
<b>Data Protection Impact Assessment</b>		
<b>Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out?</b>		<b>No</b>
<b>Other Background Documents</b>		
<b>Other Background documents available for inspection at:</b>		
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>	
	Not applicable	

## Leader's Focus

Council Strategy Outcomes	Leader's Focus	Delivery in 2018/19	Idea appraisal during 2018/19 and 2019/20
<b>Strong, sustainable, economic growth</b>	<b><i>Homes for all</i></b>	<ul style="list-style-type: none"> <li>• Citywide Housing Strategy covering quality, availability, diversity and affordability</li> <li>• Master Plan for the whole city, covering districts centres in the East, West and Central parts of the city</li> </ul>	<ul style="list-style-type: none"> <li>• Public Realm and the waterfront (2019/20)</li> <li>• 'Forever affordable' housing, including Land Value Trust and co-housing pilot</li> <li>• Green Revolution to get the city off the grid and ambition to be a Zero Carbon city</li> </ul>
<b>Children and young people get a good start in life</b>	<b><i>Aspiration</i></b>	<ul style="list-style-type: none"> <li>• Lifelong Learning Strategy and citywide mentoring scheme</li> <li>• Raise awareness and interest in schools on the potential of AI – is improving services and new careers</li> </ul>	<ul style="list-style-type: none"> <li>• Sure Start additional offer</li> <li>• Domestic violence and abuse</li> <li>• Extend restorative practice</li> </ul>
<b>Safe, healthy and independent lives</b>	<b><i>Rebuilding communities</i></b>	<ul style="list-style-type: none"> <li>• Improved tenant experiences – to be led by the Housing Improvement Board (focus on repairs and voids)</li> <li>• Invest in energy related measures to reduce fuel poverty.</li> </ul>	<ul style="list-style-type: none"> <li>• Prioritising community development to increase independence (ASC) and encourage neighbourhood based support</li> </ul>
<b>Modern, attractive city</b>	<b><i>Clean and green</i></b>	<ul style="list-style-type: none"> <li>• Investment in the physical environment across all neighbourhoods in the city</li> </ul>	<ul style="list-style-type: none"> <li>• Citizen's contract and becoming one of the top 10 Happy Cities</li> <li>• Public realm art</li> </ul>
<b>Modern, sustainable council</b>	<b><i>Southampton Pound</i></b>	<ul style="list-style-type: none"> <li>• Work with city partners under the leadership of Southampton Connect, to use procurement as the lever</li> </ul>	<ul style="list-style-type: none"> <li>• Explore options for Customer Relationship Management and website</li> <li>• Pooled budgets for better outcomes</li> </ul>

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### Executive's Commitments

Outcome	Executive's draft Commitments (Top 20 pledges in <b>Bold</b> )	
Strong, sustainable economic growth	1.	<b>Build a minimum of a thousand council owned homes to rent in the next five years (invest in homes to rent)</b>
	2.	<b>Establish our own house-building factory using the latest technology and employ local people to build homes designed and built in the city</b>
	3.	<b>Explore opportunities for ensuring subsidised bus pass provision for women denied by Government fair access to their pensions as highlighted by the campaign group Women Against State Pension Inequality (WASPI)</b>
	4.	<b>Bring forward plans to regenerate large sections of our city centre creating 4,000 homes and exciting leisure and job opportunities</b>
	5.	<b>Progress construction of a state-of-the-art Leisure and Health hub at Bitterne precinct</b>
	6.	<b>Ensure that the HMO licence scheme in the central wards is renewed and we will also seek to use compulsory purchase powers on long-term empty homes to bring them back into use</b>
	7.	Work with a range of partners to build a new state-of-the-art water sports centre next to the Itchen Bridge
	8.	Work with a range of partners to build a conference and concert venue as part of the redevelopment of the waterfront
	9.	Work with the local NHS to redevelop and expand services at the Western Hospital and the RSH – including extra care/ key worker housing
	10.	Offer a package of measures to support Electric Vehicle ownership in the city, such as free crossing of the Itchen Bridge, subsidised parking and recharge points
	11.	Work to ensure 100% renewable energy is supplied to all council buildings
Children and Young People in Southampton get a Good Start in Life	12.	<b>Help Care Leavers to support their start into independent living by exempting them from paying Council Tax</b>
	13.	<b>Continue our programme of investing in Council play parks starting with Mansel Park and then Riverside Park</b>
	14.	Establish a Southampton Education Partnership which will work across all our schools to drive up standards and achieve 90% of all schools rated by Ofsted as either 'Good' or 'Outstanding'
	15.	Continue to reduce the high numbers of children in need through development of a new 'Edge of Care' service
	16.	Work with early years providers and others to promote opportunities for greater links between the generations e.g. by locating nurseries in new extra care housing schemes for older people
	17.	Explore opportunities for introducing locally the tried and tested 'Pause Project' supporting women who are at particular risk of having their children taken into care
	18.	Work with local schools and the wide range of criminal justice agencies to promote restorative practice models throughout the city thereby minimising avoidable exclusions and absences

Outcome	Executive's draft Commitments (Top 20 pledges in <b>Bold</b> )	
<b>People in Southampton live safe, healthy, independent lives</b>	19.	<b>Complete our current citywide programme of fitting sprinklers to all council high-rise blocks</b>
	20.	<b>Launch our own council owned energy company (CitizEN) and reinvest its profits into alleviating fuel poverty for Southampton's residents</b>
	21.	<b>Tackle air pollution with a range of measures including introduction of a Clean Air Zone by 2019 with charges for the most polluting HGV's taxis and buses (subject to government agreement)</b>
	22.	<b>Increase investment in advice services for those most impacted by the Government's benefit changes</b>
	23.	<b>Sign up to UNISON's Ethical Care and Residential Care Charters ending 15minute care visits and providing care workers with paid travel time</b>
	24.	<b>Ensure that Southampton remains a welcoming city to our many diverse communities and adopt a zero-tolerance approach to hate crime by promoting a third party reporting scheme</b>
	25.	Take further action on preventing the City's unacceptably high suicide rate linked to action on mental health stigma and discrimination
	26.	Develop an integrated model for supported housing (Housing First principles) that addresses problems for people with drug and alcohol dependency
	27.	Implement in full recommendations of the scrutiny inquiry looking at drug-related litter in parts of the City
	28.	Continue to roll out the green wall across the boundary of the docks and explore further locations along busy roads
29.	Continue to work with partner organisations to deliver Shore Power in Southampton	
<b>Southampton is an attractive, modern city where people are proud to live and work</b>	30.	<b>Invest in an improved pothole repair service where we will see potholes fixed in days rather than weeks or months</b>
	31.	<b>Increase spending on roads and pavement resurfacing; we pledge to complete a hundred schemes next year focusing on small residential roads and cycle routes</b>
	32.	<b>Clean up Southampton by investing £400,000 in extra street cleaning; amounting to over 20,000 extra hours of work to spruce up our city</b>
	33.	<b>Press neighbouring local councils to expand the County's waste recycling facilities to allow a wider range of materials to be recycled (e.g. plastics)</b>
	34.	<b>Invest in Christmas lighting for our main district shopping centres in Shirley, Portswood, and Woolston</b>
	35.	Invest an extra 20% of the roads budget for the repair of damage to concrete roads
	36.	Redevelop Southampton's Outdoor Sport Centre
	37.	Support local community organisations by doubling the amount we invest in the local community small grants and working with 'friends of' groups
	38.	Tackle the increasing problems associated with off-road motorcycle riding in a number of Southampton neighbourhoods

Outcome	Executive's draft Commitments (Top 20 pledges in <b>Bold</b> )	
	39.	Ensure that there are more events throughout the city for everyone to enjoy
	40.	Invest in the City's heritage and cultural life, including delivery of a series of activities and events to commemorate Mayflower 400 in 2020
	41.	Ensure that there are more physical activities and improved sports facilities in our parks and open spaces
	42.	Support requests from local Saints supporters for introducing on a pilot basis 'safe standing' zones at St Mary's Stadium
	43.	Support the City's local artists through participation in the 'Public Art Local' programme
	44.	Work with residents to protect local community buildings by listing them as community assets
	45.	Pilot the use of mobile phone camera technology to better enable citizens to report environmental issues such as graffiti, overflowing rubbish bins, potholes, misuse of bike stands, illegal pavement parking etc.
<b>A modern, sustainable council</b>	46.	<b>Increase the number of local apprenticeship opportunities directly within the Council and with organisations where we have contracts; we will also provide a minimum of fifty well-paid council apprenticeships a year</b>
	47.	Update the council's ethical procurement model by drawing on the approach pioneered successfully by Preston City Council to source more goods and services locally
	48.	Develop trading opportunities and commercial services and then reinvest profits into other Council services/ projects
	49.	Ensure that any Southampton resident applying for a job with the Council who meets essential criteria might expect an interview
	50.	Provide ten paid internships every summer to young people who either live in Southampton or attend one of our universities

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# Corporate Peer Challenge **Southampton City Council**

11<sup>th</sup>-14<sup>th</sup> September 2017

Feedback Report

## 1. Executive Summary

The Council commissioned a Local Government Association (LGA) Corporate Peer Challenge in July 2013 to provide an external view of performance and inform improvement priorities. It requested a second Corporate Peer Challenge in September 2017. The feedback from the original peer challenge set out a number of characteristics which described the organisation at that time. It also suggested the features and principles to which the organisation should aspire to. Notable progress towards realising those has occurred over the last four years. The improvement has been recognised by a range of internal and external stakeholders. The Council should be proud of the journey it has been on, and be confident about responding to the current and future challenges it faces.

The Council has become a credible and respected 'leader of place'. It has been proactive in the sub-regional discussions about devolution, played a key role in the integration of health and social care in the City, and sought to influence regional and national thinking. There is a widespread recognition of the leadership provided, particularly by the Leader of the Council and Chief Executive, which has helped to develop positive and constructive relationships, and an enhanced reputation with many external partners. They increasingly see the Council as a reliable organisation that they respect and trust, and have confidence in its ability to deliver. Those relationships and a good track record of working with partners are key strengths for the Council.

Many of the recommendations made by the peer team in 2013 have been followed through and have helped improve the performance and culture of the organisation. There has, for example, been good progress in getting to grips with the financial challenge. The delivery of significant savings (£79.6m since the last peer challenge), the development of a medium term financial strategy and the recent introduction of a four year budget have helped put the Council on a more stable financial footing. It is providing the basis on which to plan further ahead, and is giving assurance to senior officers and councillors about the Council's ability to meet the ongoing financial challenge. While an innate confidence is understandable, there is also a need for more discipline and robustness to ensure planned savings are delivered, the issue of overspends by approximately £5m is addressed, and aspirations regarding commercial activity and income generation are realistic.

Progress has also been made on addressing and responding to other key challenges. There has been tangible delivery against stated priorities such as health and social care integration, place shaping and physical regeneration. The latter in particular is noticeable as significant new developments and impressive public realm improvements across the city are completed. The City Centre Masterplan, developed with businesses and stakeholders, has helped to enable significant investment in the renaissance of the city, and there is an ambitious programme moving forward comprising a range of 'very important projects'. To sustain progress and drive growth faster there may be a need to focus and target a smaller number of high impact developments to maximise the economic benefit and deliver the City vision. This is against a background of the city being fourth in the table of the Good Cities Growth Index at the time of the review.

The Council is clearly committed to engaging communities and stakeholders as a means by which to inform priority setting, decision making and service improvements. There has been an obvious shift since 2013 in how the Council does that. There is a recognition of

the importance of seeking views and collating intelligence which is demonstrated by an array of consultation and engagement initiatives and approaches - both formal and informal. The Council has also invested to develop its analysis and needs assessment capability, business intelligence and customer insight as it has sought to become more evidence-led in its decision-making and policy development. It now needs to utilise the data in a more strategic and targeted way.

The progress made since 2013 means the Council has a number of strengths and assets which will help it respond to the challenges ahead. There is an improved level of confidence and leadership in articulating a vision and priorities for both Council and City. There is an increased clarity about what the organisation is striving to achieve, and a stated ambition to be more outcome based and evidence led. The Council benefits from competent and committed councillors, and an evolving 'one council' culture and mindset. There is an obvious commitment to strong governance and improved performance management. And there is generally a good awareness of key areas for further development, such as the need to develop and implement digital transformation – albeit a need to get a better grip on some of that.

All of these provide a good basis on which to make further headway with the organisational development and increased effectiveness that is required to deliver the ambitious vision and priorities. In doing that it will be important for the Council to continue to not to lose sight and focus on the basics – both in terms of service delivery and the systems, processes and operating procedures that support managers, staff and councillors to get their job done. While at present the Council appears quite consumed with budget savings and restructuring, the drive for the transformation journey is about delivering outcomes and becoming an organisation that is commercially aware and savvy. Redesigning the organisation with different behaviours and expectations is therefore important. However it is one part of the transformation journey, and not the only aspect which sets the culture of the organisation.

## 2. Key recommendations

There are some observations and suggestions within the main section of the report that will inform further improvement and development. In addition, many of the conversations onsite provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the Council. They are focussed on supporting the continued development of the Council, having acknowledged the progress and achievements since the last LGA Corporate Peer Challenge in July 2013:

- 1) **Continue to move from a short term internal focus to a longer term ambition as leaders of place.** The Council should be confident about its future and continue to focus increasingly on the longer term outcomes, and less on shorter term budget challenges and restructuring of services. These need to be done but not be the cultural driver. More alignment with, and reinforcement of, medium to longer term strategic and longer term planning might be achieved by **a move to four yearly all out elections.**

- 2) **Develop a single set of political, organisational and vision based priorities that are unique to Southampton.** Consider including the ‘Executive Commitments’ within the Council Strategy so it is seen to be informed by political priorities as well as data and analysis of need. Ensure the City Strategy, developed with partners, better capitalises on the strengths and assets of the city including the Port.
- 3) **Match the ambition of those priorities to the Council’s capacity and capability to deliver.** Be clearer about the top things that need to be delivered, and what areas will be de-prioritised or de-commissioned. There is a set of priorities about what the Council wants to achieve which are then reflected in core behaviours and performance contracts, thus aiming to embed the ‘golden thread’. But less of a cohesive narrative about how the Council as an organisation will change and transform over the medium term to deliver that. Consider further explicit alignment and linkage between Council Strategy, Medium Term Financial Strategy, Workforce Development Strategy and the Digital Strategy.
- 4) **Continue to proactively drive growth faster by refocusing on high impact developments to maximise the economic benefit and deliver the City vision.** Ensure the sequencing, inter-dependencies and linkage between the high number of ‘very important projects’ is clearly communicated so that the wider ‘masterplan’ is better understood by all stakeholders and communities, and helps ensure effective co-ordination and resource allocation. Continue to deliver on the high impact developments as the masterplan is refreshed for the next long term period.
- 5) **Work with partners, staff and residents to better promote the City of Southampton.** The City has a wealth of fantastic assets and much to offer investors and visitors. Consider how opportunities for staff and citizens to be ambassadors for the city can be maximised. Review and renew the Council and City branding to reflect your ambition. Make more and better use of social media (including video and photography) as a key part of your messaging.
- 6) **Prioritise and focus on digital and ICT transformation and investment as this is key to unlocking the Council’s transformational goals:**
  - These need to be seen as whole council projects not just corporate
  - Ensure there are sufficient resources (e.g. the right team in place and appropriate levels of investment)
  - Continue to prioritise the Agresso upgrade and HR integration
  - Ensure master data management and give consideration to following the ‘vanilla’ Agresso as much as possible
  - Agree a defined approach to a Customer Relationship management system (This is critical and will need to be supported by substantial business analysis)
  - Ensure that social care systems are kept up to date and there is capability for systems to be inter-connected
  - Ensure behavioural change runs concurrently with the Digital and ICT transformation



- 7) **Continue to develop ‘financial discipline’ throughout the Council to better support the delivery of the Medium Term Financial Strategy.** Remember that finance is everyone’s business. Continue to robustly and regularly monitor in-year budget performance, and ensure that more of the planned savings are achieved. Ensure that proposals to increase income generation/collection remain realistic and proportionate whilst recognising that the council needs to take managed risks and not everything will be within its control.
- 8) **Continue to improve organisational effectiveness** by:
- Further embedding empowerment of managers and staff across the council
  - Ensuring clear accountability and responsibility (single owner)
  - Investing more in staff wellbeing activities
  - Ensuring appropriate arrangements are in place to support training and development
  - Reviewing all paper based systems to make them more productive whilst implementing the digital transformation programme.
  - Smarter use of data to inform decision making (ensure it doesn’t become an industry)
  - Getting smarter at restructuring so that the organisation is not consumed by the process.

### **3. Summary of the Peer Challenge approach**

#### **The peer team**

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the Council’s requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with the Council. The peers who delivered the peer challenge at Southampton City Council were:

- Keith Ireland – Managing Director, City of Wolverhampton Council
- Councillor Jon Collins – Leader, Nottingham City Council
- Robin Porter – Deputy Chief Executive, Luton Council
- Sarah Reed – Director of Strategy, Partnerships and Transformation, Sunderland City Council
- Julia Veall - Transformation Director, Gateshead Council
- Paul Clarke – Programme Manager, Local Government Association (LGA)

#### **Scope and focus**

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges cover. These are the areas we believe are critical to councils’ performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?

2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
4. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

The peer team used the 2013 LGA Corporate Peer Challenge report as a benchmark as well as draw on knowledge of current practice and progress in other councils.

### **The peer challenge process**

It is important to stress that this was not an inspection. Peer challenges are improvement-focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The current LGA sector-led improvement support offer includes an expectation that councils will have a Corporate Peer Challenge or Finance Peer Review every 4 to 5 years. Southampton City Council had a Corporate Peer Challenge in July 2013. Where relevant to do so, findings from the previous peer challenge have been referenced in this report.

The peer team prepared for the peer challenge by reviewing an extensive range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent four days onsite at the Council, during which they:

- Spoke to more than 90 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from nearly 40 meetings, visits and additional research and reading.
- Collectively spent more than 220 hours to determine their findings – the equivalent of one person spending more than 6 weeks in Southampton City Council.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (11<sup>th</sup>-14<sup>th</sup> September 2017). In presenting feedback to the Council, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things the Council is already addressing and progressing.

## 4. Feedback

### **Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?**

The Council has a good understanding of the place it serves and represents. It recognises the importance of data, insight and analysis to ensure a sophisticated analytical appreciation of the needs of the city and its communities. It has invested to increase the capability to do that. The establishment of the Intelligence, Insight and Communications service in 2015 has provided dedicated capacity and expertise for analysis and strategic needs assessments to inform key strategies – such as the Council Strategy and Safe City Strategy. Additional bespoke needs assessments and analysis are produced to support decision-making at both a citywide and council wide level. Modelling work is undertaken to support commissioning strategies and decisions – e.g. the future demand for extra care housing. The data now needs to be targeted to that required for each decision (analysis and fewer performance measures rather than lots of data and lots of PIs) as this function develops.

The understanding of place is also informed by community and stakeholder engagement. The Council recognises the importance of this as a means by which to inform priority setting, decision making and positive action. It engages through an array of formal and informal consultation and engagement initiatives and approaches – such as the People's Panel. Operated by the Council with some work by the University of Southampton, the Panel is used to undertake regular engagement with more than 1,000 residents. Engagement with council house tenants seems comprehensive and provides the basis of a good two-way relationship between council and tenant – enabling swift communication and action post-Grenfell. There is a comprehensive Children and Young People's Participation and Engagement Strategy, and we were impressed with the engagement with the youth forum champions we observed, which was both vibrant and meaningful.

The priorities set out in the Council Strategy 2016-2020 and Southampton City Strategy 2015-2025 appear relevant given the local context and the challenges facing the local area and wider sector. They have been shaped by needs analysis and a citywide survey in 2015. A focus on sustainable economic growth, children and young people, promoting health & independence, and protecting and enhancing the environment makes sense. The peer challenge in 2013 identified a need for priorities to be focussed more on outcomes in terms of impact on quality of life, rather than just service delivery outputs. The Council is clearly committed to doing this and has made some headway. Many of the priorities have clearer outcomes, and there is a push more generally to become a more outcome-based organisation. This is positive but will not be fully recognised until the digital transformation and the practice of using evidence and analysis is fully embedded.

There is scope for the vision, priorities and outcomes to be more specific about Southampton in order to maximise the opportunities of the City. Our observation was that in terms of the City Strategy the distinctive strategic strengths, assets and characteristics of the city – such as the port – don't come through particularly strongly. The separation of Council Strategy priorities and 'Executive Commitments' is causing confusion amongst staff and potentially challenging officer capacity. The 'Commitments' are aligned with the four priority outcomes in the Council Strategy, and provide a visible and easily digestible way of demonstrating progress and achievements. That would provide a single set of priorities that better blend the evidence-led and politically driven priorities. One suggestion is to incorporate them in the Strategy at the Council Meeting following the election.

Notwithstanding this, there has been some notable progress and delivery against some of the stated Council priorities. Through direct investment, partnerships, and influencing others the city has seen demonstrable economic growth and physical regeneration. The City Masterplan and various programmes have helped create jobs (around 3,000 created in the city per year), significantly reduce levels of unemployment and enabled key developments and public realm improvements in the city centre (e.g. Westquay). There has been progress in terms of reducing numbers of Looked after Children (LAC) - down from a high of 637 to 516 at the time of the peer challenge. These are impressive achievements. The Council knows there is more to be done to deliver on other priorities (e.g. adult social care) and address current issues and challenges (e.g. air quality).

The City has a diverse population (22.3% of are from a non-White British ethnic group). The current makeup of the Council's workforce does not reflect this, and we identified the potential to consider and address this. Some councils aspire to have a workforce which is representative of the community that it serves, seeing it as important to their understanding of the place and context so that they can deliver appropriate services.

**Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?**

The Council understands and values the importance of a regular dialogue with key stakeholders about city wide issues and shared challenges. It has actively sought to enable and facilitate this through strategic partnerships such as Southampton Connect, Health and Wellbeing Board, Safe City Partnership and the Employment, Skills and Learning Partnership. There are evidently good relationships, joint working, reputation and trust with a range of partners – across the public, private and voluntary sectors - which are helping to deliver on key agendas for the city – including economic growth. Well established relationships (with the Clinical Commissioning Group and other health partners) and arrangements such as the 'System Chiefs Group' and Integrated Commissioning Unit (ICU) are enabling the further integration of health and social care. They are providing the basis for collaboration which is enabling key challenges (e.g. Delayed Transfer of Care) to be tackled in partnership, and joint commissioning to occur.

The Leader of the Council and Chief Executive are well regarded and respected, locally and regionally. Both rightly appreciate their leadership roles must extend well beyond the confines of the civic centre and city boundaries. They have been proactive in sub-regional

activity – for example playing a key role in developing a proposal for a devolution deal. Their personal involvement and positive contribution to a range of partnerships, forums and networks was cited regularly during our time in Southampton. Other senior officers and councillors are making notable contributions to partnerships too, which is helping to ensure the Council is seen as a reliable organisation that delivery partners can have confidence in.

The Council has become a credible and respected ‘leader of place’. There is clearly an excellent track record of the Council with its partners delivering an ambitious place shaping agenda. Southampton is a thriving city and has demonstrated over the last few years its ambition and capacity to realise its enormous growth potential – something that is externally recognised through a variety of measures (e.g. PwC Good Growth of Cities index), awards (e.g. LGC highly commended for Driving Growth Award) and external funding/investment (£1.9bn delivered/committed since 2012, £61m City Deal).

There may be scope for the Council and City to be bolder in its aspirations, and more focussed in its delivery of them. We were struck with the high number and diverse array of ‘very important projects’ currently in the pipeline. This is a positive illustration of the level of ambition. But a re-focus on a small number of high impact developments might better and more proactively drive growth. Ensuring the sequencing and inter-dependencies and linkage between projects is clearly communicated will help ensure the wider ‘masterplan’ is understood by all stakeholders and communities, and support more effective co-ordination and resource allocation.

We posed a question of whether there is scope to further develop partnerships and relationships to deliver the aspirations set out in the Southampton City Strategy 2015-2025. For example, are all of the partners required to deliver on the focus of ‘maximising Southampton’s port status and waterfront potential’ currently involved in the Connect partnership? There is also potential, we think, to better promote the city and its unique assets and characteristics – such as doing more to realise the economic benefits of the port to the city. The potential to increase spend from cruise liner passengers in the local economy and enabling and supporting that by a better physical link between port and city seem obvious areas to focus on. We know the Council and partners recognise that and are determined to improve further on this.

More generally, leaders and senior officers should continue to promote the successes and improved outcomes being achieved by the Council. Be proud of your achievements. There is a need to continue to improve reputation and perception. Staff and citizens can, and should, be ambassadors for the city too. Overall resident satisfaction with the Council looks to have plateaued (55% satisfied). While this is not significantly out of kilter with other councils (recent LGA research suggests overall satisfaction is falling), it is nonetheless lower than the sector average (66%). There is always scope to shout more about the good things the Council is doing and what a great place the City is.

In doing this the focus needs to be on the improved outcome changes and new developments will bring about. There is still a tendency by many to revert to the budget constraints and financial challenge as the main rationale for change. We encourage you not to be ‘budget obsessive’ or consumed by restructuring. There is also an opportunity to

review council and city branding, and make more and better use of social media (including more use of video and photography). Celebrate success and be proud.

**Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?**

The Council is benefitting from the political and managerial leadership being provided – particularly from the Leader of the Council and Chief Executive whose personal involvement, energy and drive were cited frequently by officers and councillors. A new senior management team is in place following some significant changes and recent restructure. Those new arrangements are still bedding in, but managers feel they provide a good basis for cross service working, greater empowerment and help foster a ‘one council’ ethos.

Political leadership is provided by competent and confident members who have constructive relationships with officers based on mutual respect and trust. There seems to be an appropriate balance of formal and informal engagement and involvement. Cabinet members appear to have a strong understanding of their portfolios. Non-executive members are committed to providing timely and appropriate scrutiny and challenge to key decision making and policy development. There are mature and constructive politics focussed on delivering for the city and its people.

The Overview & Scrutiny function is making a valued and timely contribution to the policy development and decision-making. The Council takes the function seriously and supports councillors accordingly. The work programme is informed by the Executive Forward Plan and includes a focus on strategic challenges and pertinent issues, e.g. Drug-related litter, clean air zones, and taxi licensing. There is also a focus on budget performance and progress of the transformation programme. It holds the Executive to account on important issues such as the Council’s response to the Grenfell tragedy. There are some good examples of scrutiny inquiries that have informed policy thinking over the last few years – such as the review of apprenticeships and Dementia.

The 2013 peer challenge identified performance management as a key area for improvement. It recommended a council wide performance management system and culture was needed. The Council has responded impressively to this. It has invested in systems and staff that together create robust arrangements for managing the Council’s performance. There is a comprehensive ‘regime’ of monitoring – including a Council Strategy Scorecard considered quarterly by Council Management Team (CMT). A Monthly Operational Performance dashboard is also considered, which contains key measures and metrics to provide a view of financial, workforce, compliance, customer performance, communications, consultation and engagement work.

The approach to performance reporting is being extended throughout the organisation, ensuring that councillors have the means by which to provide regular oversight and challenge. There are regular briefings to Cabinet, and performance reports are presented to the Scrutiny Committee and Panels, and Corporate Parenting Board. Monthly, weekly and daily performance reports are generated for officers in operational teams. These

support proactive monitoring and consideration of performance, and enable issues to be identified at an early stage, and corrective action to be taken. 'Intensive Care' meetings and 'service improvements boards' bring together key officers to address areas where there are issues or poor performance. The work to establish and develop a single data platform is helping to improve the quality and credibility of data. All of this makes for a comprehensive performance management framework. There is undoubtedly work to do to further embed arrangements - including reviewing the depth and breadth of information produced (don't let it become an industry in its own right). But the progress made to date is commendable.

The importance of good corporate governance as a keystone of a high-performing organisation is understood. The strengthened performance management and councillor-led scrutiny mentioned above form part of this. The Council is also committed to further strengthening and developing other elements of the governance arrangements. It is keen that governance 'enables' as well as 'safeguards'. The new internal audit arrangements (which commenced in April 2017) look to provide a more collaborative relationship with the audit function (e.g. new approach to investigations) and a work plan that focuses on key facets of corporate governance such as strategic contract arrangements and project governance. The approach to strategic risk management is being strengthened, and the Council is proactively planning for the requirements of General Data Protection Regulation (GDPR).

The importance of regular staff engagement and communication is clearly understood by the senior leadership. This is another area of notable progress since the peer challenge in 2013. There are regular bulletins, a new 'Staff Stuff' intranet, and annual staff awards have been introduced to recognise and celebrate success. The PULSE group provides opportunities for the Senior Leadership Team to engage with staff on a range of issues – including culture and core behaviours. It will be important to use those channels to check the impact of the transformation programme on the workforce – along with organisational health indicators including staff satisfaction and sickness absence (which is high compared to the sector average).

There is a perception of a 'stop-start' approach to transformation. We were told of a tendency to start brand new initiatives – some of which were similar to things tried and abandoned previously – rather than build on what is already good. We did not see or hear much about the longer term vision of the future council and its operating model, and a narrative about the organisational development (and phases of it) required to get there. Ensuring a clear connectivity between the Council Plan, medium term financial strategy and the transformation programme is something you have worked on since the last peer challenge. There is scope to push that further, such as a clearer alignment with the workforce strategy and digital. Notwithstanding the progress made (e.g. four year council plan and budget), longer term planning may potentially be compromised by the annual election cycle as political imperatives will make a shorter term focus inevitable.

We questioned whether accountability and ownership is potentially blurred by the new management structure. We appreciate it is new, and still bedding in. The rationale of a structure based on a Strategy and Operational split makes some sense. But there appears to be lots of Service Directors and Service Leads with specific service and function based portfolios which looks at odds with the ambition to become outcome focussed as an

organisation. We found it difficult to determine who would be the single point of accountability for some of the outcomes in the Council Strategy.

**Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?**

In common with many other local authorities, the Council is continuing to face the significant financial challenge of reduced central Government funding and increased demand for services. There has been good progress in getting to grips with the challenge. The Council has delivered substantial savings and efficiencies (£92.m) over the past five years. And since the last peer challenge a more medium term approach to the financial strategy has been adopted, which is predicated on growth as well as savings. The approval of a four year budget in February 2017 includes the identification of approximately £35m of the projected £42.9m gap by 2020/2021.

All of this has helped to put the Council on a more stable and sustainable financial footing. It is providing the basis on which to plan further ahead. It is giving confidence to senior officers and councillors about the Council's ability to meet the on-going financial challenge and, at some point, to introduce an outcome based budgeting approach. The innate confidence is understandable. But the challenge ahead remains significant and there is no room for complacency. We questioned whether there is currently an 'optimism bias' regarding the current budget challenge given factors such as:

- In year budget performance: monitoring suggests there is a predicted overspend for 2017/18, and that some of the savings proposals for the current financial year will not be delivered to their original timescale.
- Non-delivery of planned savings: outturn reports suggest that only about 80% of the planned savings have been achieved over the past couple of years. The use of reserves, treasury management, changes to the Minimum Revenue Provision (MRP) policy and significant 'slippage' in the capital programme have helped to balance the budget. These are, though, mainly one-off savings and there is a need to ensure more of the planned savings are realised if the financial strategy is to remain realistic and sustainable.
- Overspends: need to be a top priority in the budget setting process moving forward. There was over-spending in portfolio budgets of £3.7million in 2016/17 and £4.7million in 2015/16 which suggests there may some base budget adjustments needed.
- Additional in-year pressures: such as the demands for adult social care which are already exceeding the projected demand for 2017/18.
- Savings still to identify: The Council has put itself into a relatively strong position through prudent management and more medium term planning. Some councils would be envious of the position. However, there are still £8.5m of savings or income to identify. In light of the issues cited above the challenge of doing that should not be under-estimated. Given the scale of savings achieved to date,



future savings will inevitably get harder to identify and deliver and the council is expecting its developing Digital Strategy to make a significant contribution towards achieving efficiencies and cost reductions.

All of the above highlight a continuing focus on discipline and robustness to ensure a tight grip of the challenge. Finance needs to be everyone's business. There is a need to ensure planned savings are delivered, and that overspends are addressed. The basis for doing this is already there. There is clearly more robust performance management of the budget, with in-year monitoring much improved. The finance business partner model seems to be positively received, and allowing the finance function to better understand service pressures. We have mentioned the 'intensive care' approach put in place for services that are overspending or likely to do so. We understand that this was successfully applied to Children and Families services and is now being applied to adult social care services.

Like many other authorities, the Council is looking to an increase in 'commercialisation' as a means by which to grow income and contribute to the overall financial sustainability. To date, the Council has primarily viewed 'commercialisation' as the trading of some goods and services, often on an 'ad hoc' basis, but with some successful examples (commercial waste, bereavement services and Registration Services). It has also recognised the significant potential of prudential borrowing and property investment to deliver strong financial returns for the Council.

A Commercial Strategy is being developed to provide a more co-ordinated and strategic approach to maximising commercial potential. The aim is to develop and widen the portfolio of traded services further, but also ensure that non-traded services become more commercially savvy and cost effective. This intent and direction of travel makes sense. But the strategy is embryonic and the Council is at an early stage of the journey. Part of the strategy is the establishment of a Local Authority Trading Company (LATCo) – a proposal approved by Cabinet in August 2017. The LATCo model has been used successfully by some councils, but we urge caution and proportionality as plans are considered further. You have rightly acknowledged the amount of work involved in setting the Company up (establishing a brand, quality assessing products, understanding customer requirements, etc.) It may be that the scale of income generation you aspire to can be achieved from existing arrangements. This could potentially be a major distraction to the Council and its resources which ultimately does not lead to the outcomes desired.

**Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?**

The Council knows it cannot deliver its priorities without the support, co-operation and capacity of others. It has developed a range of joint delivery arrangements, shared services and partnership working that help increase capacity, expertise and resilience. The Integrated Commissioning Unit established with the CCG is a good demonstration of an arrangement enabling the delivery of joined up services to local residents. A range of partnerships enable a shared focus and collaborative working on key agendas (e.g. Employment Skills and Learning Partnership). There are a range of shared services with neighbouring councils (e.g. Internal Audit and Public Health shared with Portsmouth City

Council, Building Control shared with Eastleigh Borough Council) and several sub-regional procurement arrangements involving multiple councils. The Council has also shown a willingness to invest in external expertise and specific skills to develop and support transformation and commercialisation – e.g. consultancy support from PWC, Capita and KPMG.

The Council also recognises the importance of developing and empowering communities to build resilience, self-sufficiency and reduce the demand on public services. It has worked with the voluntary, community and faith sectors to increase the amount of community development activity. To support empowerment the Council has transferred a number of local assets to local communities, including community buildings. More recently the Council has extended the principle of community based service delivery to the management of five local libraries by local communities.

We met a range of loyal, experienced and enthusiastic managers and staff who understand that change is necessary. Many have a willingness and motivation to be part of that. But the seemingly constant and lengthy organisational restructures are also unsettling for some and distract from the very positive work being undertaken by the Council. The effect on morale should not be underestimated. The number of projects and priorities as part of the transformation programme in pursuit of the new operating model is causing some officers to feel stretched in terms of capacity. The staff survey results (albeit from 2015) suggest nearly half of staff don't think the Council introduces change effectively, and only 12% feel the Council is a better place to work than 12 months previously. That suggests there is still work to do to ensure the volume, range and pace of change does not compromise the organisation's current capacity and capability to deliver.

More generally, we questioned whether the Council could do more in terms of employee well-being. The Workforce Development Strategy aims to make the Council an employer of choice and to be recognised as 'a great place to work'. There is undoubtedly some good practice to support that. We have mentioned the staff engagement and awards scheme for example. There has been investment in management development (e.g. Southampton Business Academy). And the 'Service Excellence' programme is encouraging staff to identify service, process and procedure improvements. However, some of the key 'organisational health' indicators suggest more action is needed. In particular, staff absence levels are high and staff satisfaction is relatively low. We heard little about initiatives to support diversity, or initiatives to encourage staff health and well-being. There may be a need to consider the arrangements for staff training and development so there a better balance between online and face-to-face activity.

Slow progress on digital and ICT transformation is impacting on organisational effectiveness. The Council itself has identified a need to go much further to ensure councillors, staff and managers are supported through reliable and fit for purpose automation and technology. To date, the digital agenda has focused on the delivery of savings through automation and digitising a number of key customer journeys. The focus now needs to shift to enabling and supporting the wider organisational transformation and development. There is a need to develop a robust and strategic digital strategy and a willingness to invest accordingly in it. Work has already started to address this, but more pace is needed. Based on what we saw and heard, we think the Agresso upgrade and HR integration are elements that need prioritising in the first instance, and they need to be

seen as whole council projects not just corporate initiatives. Without the digital transformation investment and delivery, the council as a business will not achieve its aims and objectives in a cost effective manner.

The Council appreciates that managers and staff should expect enabling and support services that add to, rather than subtract from, their capacity and ability to perform their roles. Given the digital strategy will take time to be fully developed and implemented, there will almost certainly be a need to review paper-based systems to make them more streamlined, productive and consistent. There will also be a need to ensure stronger 'clienting' of support functions and back office services that are delivered by external providers and contractors. Again, this is already being recognised and responded to by the Council.

## **5. Next steps**

### **Immediate next steps**

We appreciate the Council will want to reflect on these findings and suggestions with the senior managerial and political leadership in order to determine how the organisation wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Kate Herbert, Principal Adviser (South East) is currently the main contact between your authority and the Local Government Association (LGA). Her contact details are: Tel. 07867 632404 and Email. [kate.herbert@local.gov.uk](mailto:kate.herbert@local.gov.uk)

In the meantime we are keen to continue the relationship we have formed with the Council throughout the peer challenge. We will endeavour to provide additional information and signposting about the issues we have raised in this report to help inform on-going consideration.

### **Follow up visit**

The LGA peer challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the Council. Our suggestion is that it occurs within the next 2 years.

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### Draft Peer Review Recommendations Response

	Peer Review Recommendation	Southampton City Council Response	How this has been incorporated
1.	<p><b>Continue to move from a short term internal focus to a longer term ambition as leaders of place.</b> The Council should be confident about its future and continue to focus increasingly on the longer term outcomes, and less on shorter term budget challenges and restructuring of services. These need to be done but not be the cultural driver. More alignment with, and reinforcement of, medium to longer term strategic and longer term planning might be achieved by <b>a move to four yearly all out elections.</b></p>	<p>The agreed operating model and related restructuring of the council is now in place and the Leader has made it clear that he does not any further changes to the operating model and the organisation. Therefore there will be more capacity to continue with making significant improvements for the city's residents and businesses.</p> <p>The Outcomes Based Planning and Budgeting approach enables greater alignment with, and reinforcement of, medium to longer term strategic and longer term planning. This has enabled medium term financial planning and as a result, the council, did not have to consult on its annual budget in 2017/18, for the first time in the last decade.</p> <p>The move to 4 yearly elections is a political issue which will need consideration by elected Members</p>	<p>Next refresh of the Council Strategy will take this into account.</p>
2.	<p><b>Develop a single set of political, organisational and vision based priorities that are unique to Southampton.</b> Consider including the 'Executive Commitments' within the Council Strategy so it is seen to be informed by political priorities as well as data and analysis of need. Ensure the City Strategy, developed with partners, better capitalises on the strengths and assets of the city including the Port.</p>	<p>The Outcome Plans provide the detail on bringing together political (Executive Commitments), organisational (Modern, sustainable council and operating model) and vision based priorities (Council Strategy outcomes).</p>	<p>All Executive Commitments have been incorporated into the following sections of the 5 Outcome Plans: 2018/19 objectives and targets 2018/19 investments (revenue and capital) medium/ longer term goals</p>
3.	<p><b>Match the ambition of those priorities to the Council's capacity and capability to deliver.</b> Be clearer about the top things that need to be delivered, and what areas will be de-prioritised or de-commissioned. There is a set of priorities about what the Council wants to achieve which are then reflected in core behaviours and performance contracts,</p>	<p>A prioritisation plan has been developed and will be managed by the council's Programme Management Office. Once agreed, this working document will be kept under review jointly by the Cabinet and the Council Management Team.</p> <p>A council wide push to get appraisals completed is being led by example (by CMT) and all appraisals for 2018/19 have to be completed by early April 2018. These objectives should show the golden thread which is also being</p>	<p>Explicit alignment and linkage between Council Strategy, Medium Term Financial Strategy, Workforce Strategy, Customer Strategy and the Digital Strategy is shown in Appendix 5.</p>

	<b>Peer Review Recommendation</b>	<b>Southampton City Council Response</b>	<b>How this has been incorporated</b>
	thus aiming to embed the 'golden thread'. But less of a cohesive narrative about how the Council as an organisation will change and transform over the medium term to deliver that. Consider further explicit alignment and linkage between Council Strategy, Medium Term Financial Strategy, Workforce Development Strategy and the Digital Strategy.	emphasised through Induction Plus (for existing staff) there is greater understanding of how individual objectives contribute to council priorities.	
4.	<b>Continue to proactively drive growth faster by refocusing on high impact developments to maximise the economic benefit and deliver the City vision.</b> Ensure the sequencing, inter-dependencies and linkage between the high number of 'very important projects' is clearly communicated so that the wider 'masterplan' is better understood by all stakeholders and communities, and helps ensure effective co-ordination and resource allocation. Continue to deliver on the high impact developments as the masterplan is refreshed for the next long term period.	In 2017, Southampton improved its ranking in the Good growth for Cities Index by moving from 4 <sup>th</sup> to 3 <sup>rd</sup> , demonstrating the economic growth potential. Regular feedback from the business sector shows that the council has played and continues to play a central role in attracting investment to the city and encouraging the creation of employment and training opportunities for local residents. The list of 'very important projects' have nearly all been completed and the remaining are on track to be completed.	The masterplan is due for a refresh and this recommendation will be reflected in the development and approval of the next version of the masterplan.
5.	<b>Work with partners, staff and residents to better promote the City of Southampton.</b> The City has a wealth of fantastic assets and much to offer investors and visitors. Consider how opportunities for staff and citizens to be ambassadors for the city can be maximised. Review and renew the Council and City branding to reflect your ambition. Make more and better use of social media (including video and photography) as a key part of your messaging.	The City branding and profile is being led by a city wide group of stakeholders, chaired by Brad Roynon, chair of Culture Southampton.  The council branding and use of social media is under regular review and will be reflected in the refreshed Communications Strategy.	Refreshed Communications Strategy to reflect council ambitions, branding and the use of social media as a key part of our messaging.
6.	<b>Prioritise and focus on digital and ICT</b>	This has been a top priority for the council since April 2017 and has	The recommendations

	<b>Peer Review Recommendation</b>	<b>Southampton City Council Response</b>	<b>How this has been incorporated</b>
	<p><b>transformation and investment as this is key to unlocking the Council's transformational goals:</b></p> <ul style="list-style-type: none"> <li>• These need to be seen as whole council projects not just corporate</li> <li>• Ensure there are sufficient resources (e.g. the right team in place and appropriate levels of investment)</li> <li>• Continue to prioritise the Agresso upgrade and HR integration</li> <li>• Ensure master data management and give consideration to following the 'vanilla' Agresso as much as possible</li> <li>• Agree a defined approach to a Customer Relationship management system (This is critical and will need to be supported by substantial business analysis)</li> <li>• Ensure that social care systems are kept up to date and there is capability for systems to be inter-connected</li> <li>• Ensure behavioural change runs concurrently with the Digital and ICT transformation</li> </ul>	<p>gathered pace since the appointment of a new Service Director for Digital and Business Operations and the Service Lead for Digital and Strategy IT. This could wide project is sponsored at a political level by the Cabinet Member for Finance (who also leads on Customer and IT) and the Chief Strategy Officer (who chairs the Customer and Digital Board which drives the required improvements with robust project planning and resourcing. The Service Director for Digital and Business Operations leads on Digital and IT, working closely with the Service Director, Intelligence, Insight and Communication (Customer lead) and the Service Director Finance and Commercialisation (also the lead for the PMO).</p> <p>Priorities have been agreed with the first set of projects focussing on ERP (linking financial and HR systems) and client case management for social work. Resourcing for both have been agreed by Full Council. There are robust project management structures in place with the Customer and Digital board leading on overall programme management of all IT and digital projects. In parallel work is also underway in defining the scope of what we would like from a CRM system. Joint work is being planned on ensuring the learning and development programme led by HR&amp;OD and the change management programme led by the PMO fully supports the development of digital and IT skills and behavioural changes.</p>	<p>have been incorporated into the implementation of the Digital Strategy and Customer Strategy approved by Cabinet in January 2018.</p>
	<p><b>Continue to develop 'financial discipline' throughout the Council to better support the delivery of the Medium Term Financial Strategy.</b> Remember that finance is everyone's business. Continue to robustly and regularly monitor in-year budget performance, and ensure that more of the planned savings are achieved. Ensure that proposals to increase income</p>	<p>The council monitors the financial position on a monthly basis for management purposes and will continue to do so. This feeds into reporting to Cabinet on a quarterly basis for both revenue and capital expenditure. Regarding risk awareness, a further section has been added to the Cabinet and Council reports which requires report authors to consider the risks and mitigations of the proposals that are being put forward. This alongside the review of all the savings proposals and associated risk (similar to that carried out at the last budget setting) with this</p>	<p>The forthcoming year will see further developments around accountability and responsibility with budget holders becoming responsible for the forecast of their financial position. This monitoring includes the monitoring and reporting of</p>

	<b>Peer Review Recommendation</b>	<b>Southampton City Council Response</b>	<b>How this has been incorporated</b>
	generation/collection remain realistic and proportionate whilst recognising that the council needs to take managed risks and not everything will be within its control.	being taken into account in determining the appropriate level of reserves and balances.	achievement of individual savings.  The 2018/19 financial year brings a requirement for the 2019/20 budget gap to be resolved this will be achieved through further improvements to the Outcome Based Planning and Budgeting proposals with the intertwining of the commercial approach to delivering savings.
	<p><b>Continue to improve organisational effectiveness by:</b></p> <ul style="list-style-type: none"> <li>• Further embedding empowerment of managers and staff across the council</li> <li>• Ensuring clear accountability and responsibility (single owner)</li> <li>• Investing more in staff wellbeing activities</li> <li>• Ensuring appropriate arrangements are in place to support training and development</li> <li>• Reviewing all paper based systems to make them more productive whilst implementing the digital transformation programme.</li> <li>• Smarter use of data to inform decision making (ensure it doesn't become an industry)</li> <li>• Getting smarter at restructuring so that the organisation is not consumed by the process.</li> </ul>	<p>Since the Peer Review, the following progress has been made and further actions are planned:</p> <ul style="list-style-type: none"> <li>• Review of processes and policies to enable greater empowerment for managers to make decisions</li> <li>• Development of a single prioritised list of programmes and projects, managed centrally, which will identify single owners and robust governance arrangements</li> <li>• Staff wellbeing programme, linked to Digital and Accommodation strategies, jointly led by HR&amp;OD and Public Health, which will also prioritise Staff Survey feedback.</li> <li>• L&amp;D programme has been developed; work is underway on a management development programme to complement the Business Academy programme that is currently underway for services that are likely to transfer into the LATCo.</li> <li>• The roll out of the ERP system will enable to all paper based systems to make them more productive</li> <li>• The Digital programme and the GDPR project is designed to enable greater efficiency, least cost and better use of data to inform decision making.</li> <li>• The Leader has given his commitment that there will be no further restructuring of the organisation once the current implementation of the operating model is completed.</li> </ul>	Implementation of the Workforce and Digital Strategies

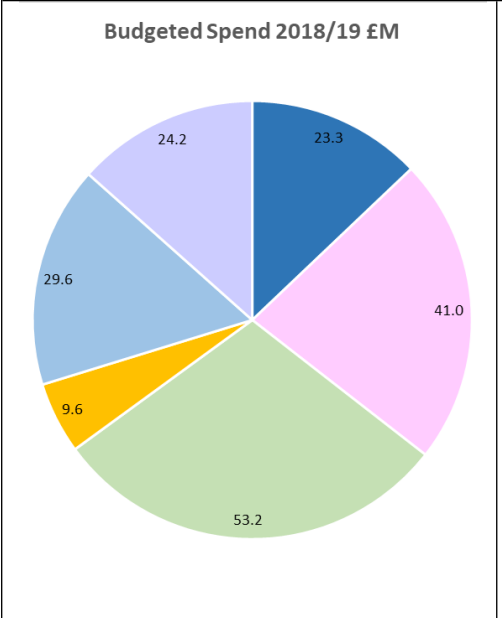




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# DRAFT Southampton is city with strong, sustainable economic growth

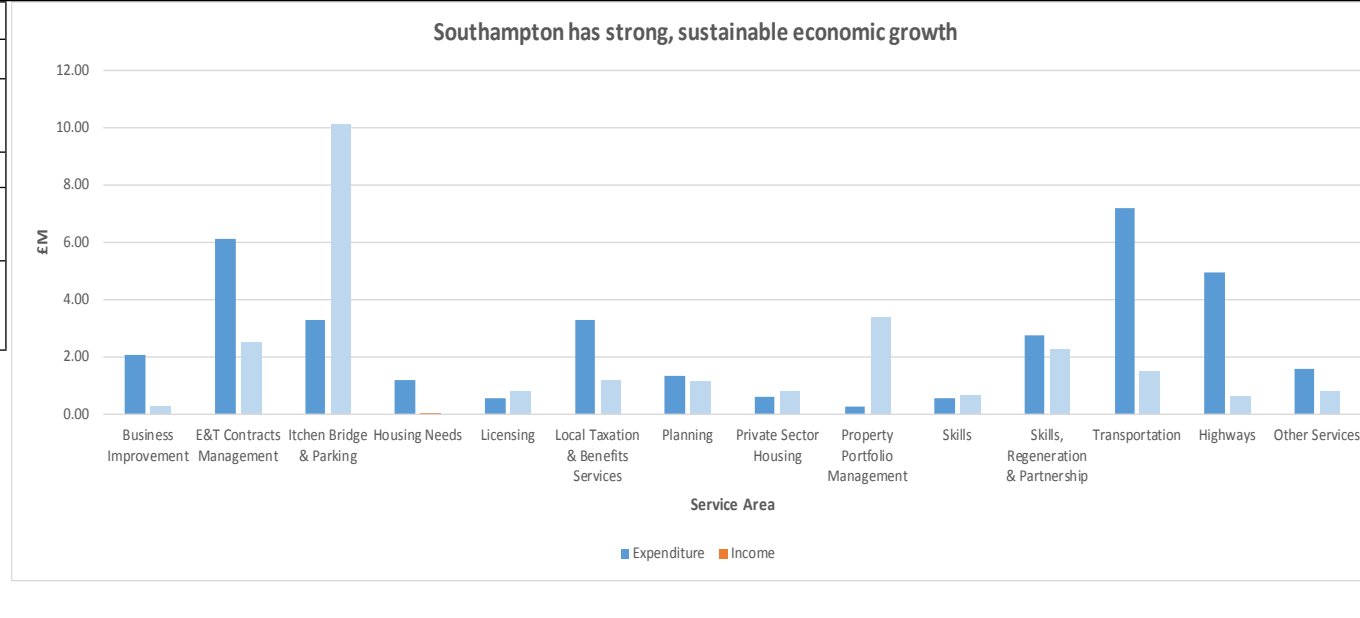
**Our Goal** We want to build on Southampton's unique sea city location and excellent transport links and continue to grow the local economy, bringing investment into the city and increasing employment opportunities for local people.



£23.3M	A modern, sustainable council
£41.0M	Children and young people get a good start in life
£53.2M	People in Southampton live safe, healthy, independent lives
£9.6M	Strong, sustainable economic growth
£29.6M	Southampton is an attractive, modern city where people are proud to live and work
£24.2M	Centrally Managed Funds (Treasury Management, Housing Benefit, Contingency Provision & Staffing & Contract Inflation).

**Other expenditure and income for this outcome:**

Other Services	Expenditure £M	Income £M
City Development	0.29	(0.08)
Economic Development	0.14	(0.20)
Flood Risk Management	0.05	0.00
Housing Renewal	0.17	(0.12)
Land Charges	0.07	(0.17)
Leisure & Heritage	0.41	(0.09)
Sustainability	0.45	(0.13)
	1.58	(0.80)



Budget Envelope (£M)	
2018/19	9.6
2019/20	7.6
2020/21	7.4
2021/22	7.4

This represents a reduction of **22%** over the four year period of the Medium Term Financial Strategy.

## What do we know?

### Population

- The population of Southampton is currently 253,989 and by 2024 it is expected to grow by 4.8% to 266,285.
- 22.3% of the city's population are non-White British, including 14% who are residents from Black or Minority Ethnic backgrounds.

Around 100,000 households in the city, with 51% owner occupiers and 25% living in privately rented homes.

Around 7,000 Houses in Multiple Occupancy (HMOs) in the city, of which 4,500 properties are licensed HMOs.

### Economy and business

- Southampton's economy was worth £6.2BN in 2016 which is a 1% increase on 2015 (latest available figure).
- 7 million day visitors, and 1.9 million cruise visitors passing through every year.
- UK's number 1 vehicle handling port, handling 820,000 vehicles every year.
- Over 6,000 businesses and 1,828,000 sq m of business floor space.
- GVA per head £24,165 (2016), which is 5th among comparators but below the England average (£27,060).
- Recent growth in the number of businesses in Southampton is dominated by micro businesses (0-9 employees).
- Business density in Southampton is lower than the national average at 370 businesses per 10,000 population compared to 635 per 10,000 population nationally.

### Employment

- Around 115,000 workers employed in Southampton, with 75% of the working age population economically active.
- Southampton has the highest weekly pay for people working in the city of all our statistical neighbours.
- Commuter/resident wage gap means that people who live and work in the city earn £64 per week less than those who commute into the city for work.
- Around 6,600 people are unemployed in Southampton, 5.0% of the economically active population.
- Claimant count (2017) 2.0% or 3,395 people compared with 1.2% in the South East and 1.9% in England.
- Proportion of all vacancies that are hard to fill due to a skills shortage in Southampton is 19%, lower than both England (23%) and the South East (26%).

### Education

- 2 universities and around 43,000 higher education students across the city's universities and colleges.
- Southampton has good graduate retention rates, with around 1 in 4 students choosing to stay in the local area.
- 90% of school leavers (Year 11) go on to further education, with 52.8% of those students staying in the city for their studies.
- Successful track record in supporting over 400 young people who are not in education, employment or training (NEET) over the last 2 years and enabled over 250 positive outcomes.

## What have we achieved in 2017/18?

- The city moved up to the 3<sup>rd</sup> highest ranking city for Good Growth (from 4<sup>th</sup>) PwC Good Growth of Cities Index.
- National recognition for our work on development, inward investment and skills. E.g. South Coast Property Awards for Development of the Year, Westquay South; Regeneration Project of the Year for Meridian Waterfront and Local Government Chronicle Driving Growth Awards for the council's Economic Development and Skills team.
- Opened the new Studio 144 Arts Complex, with 6,000 sq m of space dedicated to culture and arts, including Southampton University's John Hansard Gallery, City Eye and a second venue for Southampton's Nuffield Theatre.
- Significant progress on developments in Itchen Riverside and Chapel Riverside that will eventually deliver around 800 new homes; planning permission secured for new industrial, research and development space in Woolston which will create over 50 jobs in the first phase.
- First phase of Townhill Park estate regeneration programme started, delivering affordable housing for residents
- Moved forward with the first ever 'build to rent' development in the city in Bow Square and the successful letting of the first phase of the industrial and logistics development at Wide Lane.
- Established a new Southampton Energy company 'Citizen' as a not for profit firm providing competitively priced energy to residents.
- Nearly 2,000 residents (90% previously unemployed) supported into jobs.
- Signed a lease in order to create accommodation for knowledge-based businesses at Marlands Shopping Centre.
- Investments acquired under the Property Investment Fund earn the council gross income of £1.74 M per year.
- Completion of a new Economic Development Needs Assessment.
- Additional £1.22M generated through collectable business rates.

### Performance achievements

- Achieved our 2017/18 target of 560 supported jobs and accredited vocational training delivered Employment and Skills Plans linked to major developments.
- Continued to increase the number of businesses paying business rates in the city, and exceeded our target by 282 businesses, to achieve 7,025 in Q4.
- Our Adult Learning Service was rated 'Good' by Ofsted in July 2017.

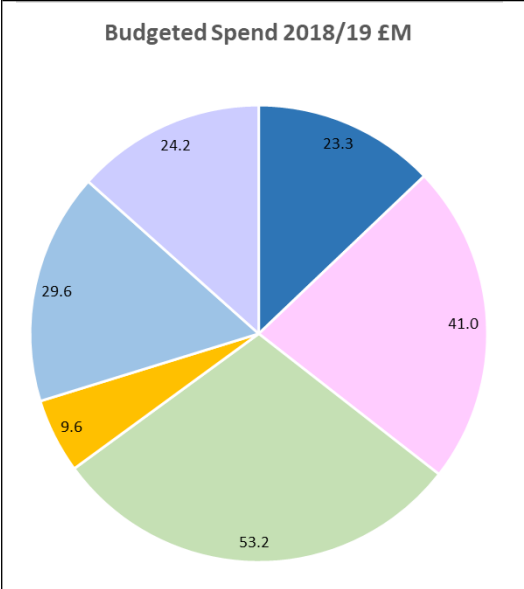
<b>Leader's Focus: "Homes for all"</b>		<ul style="list-style-type: none"> <li>Deliver a new citywide Housing Strategy covering quality, availability, diversity and affordability of homes</li> <li>Develop a new Master Plan for the whole city, covering district centres in the East, West and Central parts of the city</li> </ul>		
<b>Idea appraisal during 2018/19 and 2019/20</b>		<ul style="list-style-type: none"> <li>Public Realm and the waterfront (2019/20)</li> <li>Land Value Trust</li> <li>Co-housing pilot</li> <li>Green Revolution to get the city off the grid and ambition to be a Zero Carbon city</li> </ul>		
<b>Priority</b>		<b>2018/19 objectives and targets</b>	<b>2018/19 investment</b>	<b>Medium term goals</b>
<b>1</b>	<b>We will increase the number, and improve the mix, of housing in the city</b>	<ul style="list-style-type: none"> <li>Bring forward plans to regenerate large sections of our city centre creating 4,000 homes and exciting leisure and job opportunities</li> <li>Continue to support the development of new and affordable homes through planning services and working with developers and investors</li> </ul>		<ul style="list-style-type: none"> <li>Build a minimum of a thousand council owned homes to rent in the next five years</li> <li>Ensure that the HMO licence scheme in the central wards is renewed and we will also seek to use compulsory purchase powers on long-term empty homes to bring them back into use</li> <li>Establish our own house-building factory which employs local people to build homes for local people</li> </ul>
<b>2</b>	<b>We will ensure local people have opportunities to develop skills to make the best of employment opportunities</b>	<ul style="list-style-type: none"> <li>Continue to build skills and deliver employment support through the Solent Jobs Programme and Solent NEET Support Programme</li> <li>Continue to deliver a high quality Adult Learning service</li> </ul>		
<b>3</b>	<b>We will reduce the wage gap between residents and commuters into the city</b>	<ul style="list-style-type: none"> <li>Work with existing businesses in the city and attract new businesses to expand employment opportunities alongside business growth to create more high income jobs</li> <li>Launch the Southampton Network initiative and continue to work towards the city becoming a Technical Hub</li> </ul>		<ul style="list-style-type: none"> <li>Explore opportunities for ensuring subsidised bus pass provision for women denied by Government fair access to their pensions as highlighted by the campaign group Women Against State Pension Inequality (WASPI)</li> </ul>
<b>4</b>	<b>We will increase investment into the city</b>	<ul style="list-style-type: none"> <li>Generate more income from property investments, combined with efficiencies to reduce the cost of managing our Capital Assets, and ensure a balanced and income generating investment portfolio</li> <li>Work towards delivering medium term development opportunities</li> <li>Freeze car parking charges</li> <li>Invest in citywide infrastructure: <ul style="list-style-type: none"> <li>Cycling improvements</li> <li>Public transport</li> <li>Integrated transport</li> <li>Bridges maintenance</li> <li>Electric vehicles infrastructure</li> </ul> </li> </ul>	<b>£2.229M</b> <b>£0.663M</b> <b>£4.396M</b> <b>£1.502M</b> <b>£1.082M</b>	<ul style="list-style-type: none"> <li>Progress construction of a state-of-the-art Leisure and Health hub at Bitterne precinct</li> <li>Offer a package of measures to support electric vehicle ownership in the city, such as free crossing of the Itchen Bridge, subsidised parking and recharge points</li> <li>Work to ensure 100% renewable energy is supplied to all council buildings</li> <li>Work with the local NHS to redevelop and expand services at the Western Hospital and the RSH – including extra care/ key worker housing</li> <li>Work with a range of partners to build a new state-of-the-art water sports centre next to the Itchen Bridge</li> <li>Work with a range of partners to build a conference and concert venue as part of the redevelopment of the waterfront</li> </ul>

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Key Measure by Priority	Benchmark	Performance						Targets		How we are performing vs how we will need to perform		Performance Gap		
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2017/18	2019/20			
<b>We will increase the number, and improve the mix, of housing in the city</b>														
Affordable homes delivered	151	196	300	422	204	156	32	365	365	32	365	333	From target	
<b>We will ensure local people have opportunities to develop skills to make the best of employment opportunities</b>														
Number of apprenticeship starts (per 1,000)	14.5	12.4	12.8	12.4	11.8	12.2	-	12.3	12.9	-	12.9	n/a	n/a	
No of supported jobs and accredited vocational training delivered Employment and Skills Plans linked to major developments	n/a	133	219	177	181	941	575	641	720	560	720	160	From Target	
<b>We will reduce the wage gap between residents and commuters into the city</b>														
% gap between average earning of people living in the city and people working in the city	4.8%	13.6%	13.9%	16.1%	10.4%	13.1%	10.8%	7.0%	6.0%	10.8%	6.0%	4.8%	From Target	
<b>We will increase investment into the city</b>														
No of businesses paying business rates	n/a	6530	6495	6617	6676	6812	7025	6810	6876	7025	6876	149	Over Target	
<b>KEY:</b> <b>BLUE</b> Greater than 10% over target <b>GREEN</b> 5% under target to 10% over target <b>AMBER</b> Between 5% and 10% from target <b>RED</b> Greater than 10% from target <b>Grey</b> No target available														

# DRAFT Children and Young People in Southampton get a Good Start in Life

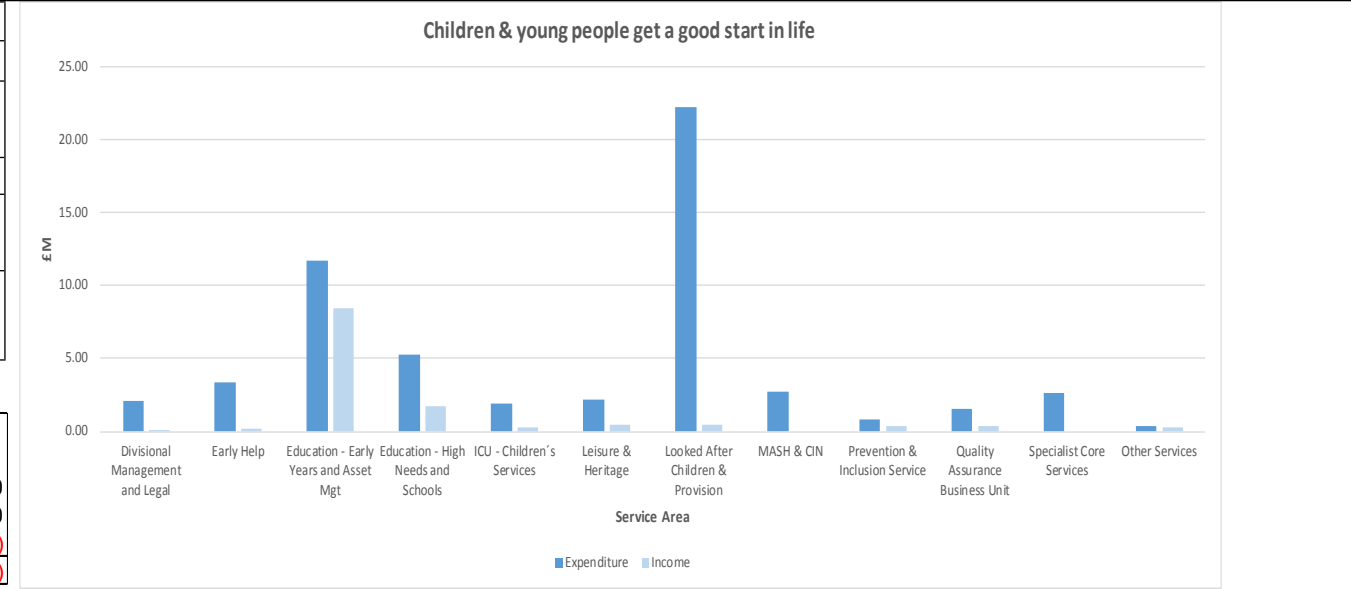
**Our Goal** We want Southampton to be a city where parents, families, communities and services work together to make sure children and young people get a good start in life. This is crucial to enabling them to fulfil their potential and become successful adults who are engaged in their communities.



£23.3M	A modern, sustainable council
£41.0M	Children and young people get a good start in life
£53.2M	People in Southampton live safe, healthy, independent lives
£9.6M	Strong, sustainable economic growth
£29.6M	Southampton is an attractive, modern city where people are proud to live and work
£24.2M	Centrally Managed Funds (Treasury Management, Housing Benefit, Contingency Provision & Staffing & Contract Inflation).

**Other expenditure and income for this outcome:**

Other Services	Expenditure £M	Income £M
City Services - Play Areas	0.14	0.00
Commissioning, Policy & Performance	0.05	0.00
Families Matter	0.16	(0.27)
	0.35	(0.27)



Budget Envelope (£M)	
2018/19	41.0
2019/20	35.1
2020/21	35.1
2021/22	35.1

This represents a reduction of **14%** over the four year period of the Medium Term Financial Strategy.

## What do we know?

- Population**
- Approximately 55,174 children and young people (aged 0-18) live in Southampton and this number is expected to rise by 5.2% by 2024.
  - Children and young people under the age of 19 years make up 21.7% of the population of Southampton.

- Education and early years**
- 35% of school children in Southampton are non-White British and there are 172 different languages spoken in our schools.
  - There are 75 schools in the city. 75% of primary schools and 67% of secondary schools are rated good or outstanding by Ofsted.
  - 94% of day nurseries, 92% of preschools and 93% of childminders in Southampton are rated Good or Outstanding by Ofsted.
  - 66% of children reach a good level of development in Early Years Foundation Stage.
  - Over 15,000 children under 5 use our Children's Centres – all of which are rated Good or Excellent by Ofsted.
  - 96% of parents receive one of their top school place 3 choices at Year R.
  - Southampton pupils achieved an Attainment 8 score of 44.0 in 2017, ranking 114th out of 151 Local Authorities
  - We support over 6,000 children with special educational needs or disabilities and there is a shortage of appropriate schools for them locally.
  - We run six libraries and support five community run libraries.

- Health and wellbeing**
- Nearly a quarter (23.4%) of the children in the city live in relative poverty compared to an England average of 20.1%.
  - Southampton has high numbers of Looked After Children in comparison to many other cities, at a rate of 105 per 10,000 children, compared to the national average of 60 per 10,000.
  - In 2017/18, 61% of High Risk Domestic Abuse (HRDA) cases involved children and young people.
  - 22.5% children in Year 6 (aged 10-11) are classified as obese compared to a South East average of 16.9%.
  - 33.7% of children in Southampton have one or more decayed, missing or filled teeth, compared to a South East average of 20.0%.
  - 78.0 per 100,000 children under 18 are admitted to hospital with alcohol specific conditions in Southampton, compared to the England rate of 36.6 per 100,000.
  - 13.8% of women in Southampton smoke at the point of delivery, compared to the South East average of 9.7%.

## What have we achieved in 2017/18?

- Top local authority for placing Looked After Children in adoption in 2017.
- Reduction in Looked After Children from 546 in April 2017 to 522 in March 2018, through robust and safe management of social care practice, and focus on permanence.
- Children's Social Care was delivered within budget for the first time in several years.
- Successful Ofsted inspection of SEND service February 2017 demonstrating excellent team work across the council and integrated commissioning with health.
- Increased the number of fostering and adoption enquiries from 18 in 2016/17 to 27 in 2017/18, introduced a new grant for foster carers in the city and improved the numbers of in-house foster carers.
- Increased appropriate use of Special Guardianship Arrangements (SGOs), with a total of 37 SGOs since April 2017.
- Attendance in our Primary schools has improved from 104th in 2015/16 to 83rd in 2016/17, and from 122nd to 100th for our secondary schools (out of 151 Local Authorities).
- Ranking for GCSE Progress 8 scores moved from 104th in 2016 to 67th in 2017 out of 151 Local Authorities.
- Youth Offending Service achieved the Training Providers Quality mark and is now the only service in SE England to be accredited to deliver Restorative Practice. The council has committed to rolling this approach out across services and working with citywide partners towards the goal of becoming a 'Restorative City'.
- Council wide effort to improve social worker recruitment and retention with new social workers being recruited via the Step Up programme, and unqualified colleagues being progressed via the Fast Track programme.
- Delivered the Safe Families programme to provide early help intervention for families facing a crisis. The service has achieved 77 contacts, with 49 families being activity supported.
- All community run libraries are successfully managed by community organisations and have continued to provide comprehensive services. Many have increased their range of services and Weston library has introduced computer clubs, art materials and a toy library.

## Performance achievements

- Exceeded our target for the % 16-17 year olds NEET or whose activity is not known, reducing the numbers unknown to 5.8% against a target of 7%.
- Reduced the average time (days) between a child entering care and moving in with its adoptive family from 790.2 in Q1 to 442.0 in Q2.

<b>Leader's Focus: "Aspiration"</b>		<ul style="list-style-type: none"> <li>Develop a new Lifelog Strategy to improve outcomes for children and young people</li> <li>Explore and raise awareness of Artificial Intelligence potential and opportunities in schools</li> </ul>	
<b>Idea appraisal during 2018/19 and 2019/20</b>		<ul style="list-style-type: none"> <li>Sure Start additional offer</li> <li>Domestic violence and abuse</li> <li>Extend restorative practice</li> </ul>	
<b>Priority</b>	<b>2018/19 objectives and targets</b>	<b>2018/19 investment</b>	<b>Medium term goals</b>
<b>1</b>	<b>We will improve early help services and support for children and families</b>	<ul style="list-style-type: none"> <li>Continue implementation of the new integrated prevention and early help offer for children aged 0-19 and their families, bringing together council and health delivered services to improve health outcomes for children and families</li> <li>Invest in expansion of our Early Years services</li> </ul>	<b>£1.014M</b>
<b>2</b>	<b>We will increase educational attainment</b>	<ul style="list-style-type: none"> <li>Continue the programme of investing in council play parks starting with Mansel Park and then Riverside Park</li> <li>Work with local schools to improve attendance, attainment and progress</li> <li>Invest in our schools capital programme to improve our schools estate</li> </ul>	<b>£0.250M</b>  <b>£20.480M</b>
<b>3</b>	<b>We will reduce the numbers of looked after children</b>	<ul style="list-style-type: none"> <li>Increase the number of in-house foster carers and reduce the use of independent foster care providers</li> <li>Focus on permanence, so that more children are placed in appropriate permanent family arrangements faster</li> </ul>	<ul style="list-style-type: none"> <li>Establish a Southampton Education Partnership which will work across all our schools to drive up standards and achieve 90% of all schools rated by Ofsted as either 'Good' or 'Outstanding'</li> <li>Work with local schools and the wide range of criminal justice agencies to promote Restorative Practice models throughout the city thereby minimising avoidable exclusions and absences</li> </ul>
<b>4</b>	<b>We will protect vulnerable children and young people</b>	<ul style="list-style-type: none"> <li>Help Care Leavers to support their start into independent living by exempting them from paying Council Tax</li> <li>Continue to improve the quality of our social work through the newly established Quality Assurance function in Children and Families Service</li> <li>Support career development within the council amongst our social workers, recruit new staff and link with universities to attract graduates to social work in Southampton</li> </ul>	<ul style="list-style-type: none"> <li>Continue to reduce the high numbers of children in need through development of a new 'Edge of Care' service</li> <li>Explore opportunities for introducing locally the tried and tested 'Pause Project' supporting women who are at particular risk of having their children taken into care</li> </ul>

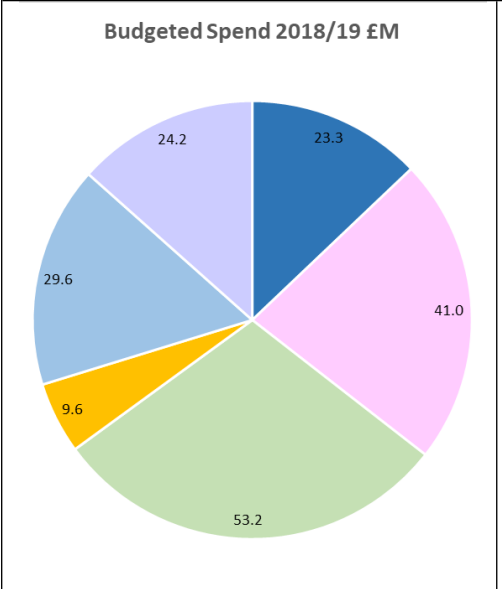
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Key Measure by Priority	Benchmark	Performance						Targets		How we are performing vs how we will need to perform		Performance Gap	
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2017/18	2019/20		
<b>We will improve early help services and support for children and families</b>													
Number of Universal Help Assessments completed	n/a	-	-	-	-	-	177	288	336	177	336	159	From Target
% families 'turned around' through the Families Matter phase 2 programme	23%	-	-	-	6.3%	15.0%	21.5%	76.6%	100.0%	21.5%	100%	78.5%	From Target
<b>We will increase educational attainment</b>													
% pupils in Early Years Foundation phase achieving good level of development	67.10%	-	50.8%	61.8%	66.1%	69.8%	70.2%	74.8%	75.8%	70.2%	75.8%	5.6%	From Target
% pupils working at the expected standard in Reading, Writing and Maths at the end of Key Stage 2	61.10%	-	-	-	-	54.0%	62.0%	64.0%	66.0%	62.0%	66%	4.0%	From Target
GCSE Progress 8 scores	-0.03	-	-	-	-	-0.12	-0.02	0.20	0.30	-0.02	0.3	0.32	From Target
% 16-17 year olds NEET or whose activity is not known	5.90%	-	-	-	-	7.6%	5.8%	6.5%	6.0%	5.8%	6.0%	0.2%	Over Target
<b>We will reduce the numbers of looked after children and children in need</b>													
Number of Looked after Children	462	482	500	582	591	542	522	460	390	522	390	132	From Target
Average time (days) between a child entering care and moving in with its adoptive family	526	-	-	-	1122	522	442	530	490	442	490	48	Over Target
Number of in-house foster carers	n/a	-	-	-	-	181	172	200	210	172	210	38	From Target
<b>We will protect vulnerable children and young people</b>													
% care leavers in contact and in suitable accommodation	83.30%	63.0%	70.0%	77.0%	78.6%	88.1%	86.8%	93.0%	94.0%	86.8%	94.0%	7.2%	From Target
Number of first time entrants into Youth Justice system (per 100,000)	409.53	1076.0	954.0	533.0	486.0	387.0	386.0	386.7	370.3	386.0	370.3	16	From Target

**KEY:** **BLUE** Greater than 10% over target **GREEN** 5% under target to 10% over target **AMBER** Between 5% and 10% from target **RED** Greater than 10% from target **Grey** No target available

# DRAFT People in Southampton live safe, healthy, independent lives

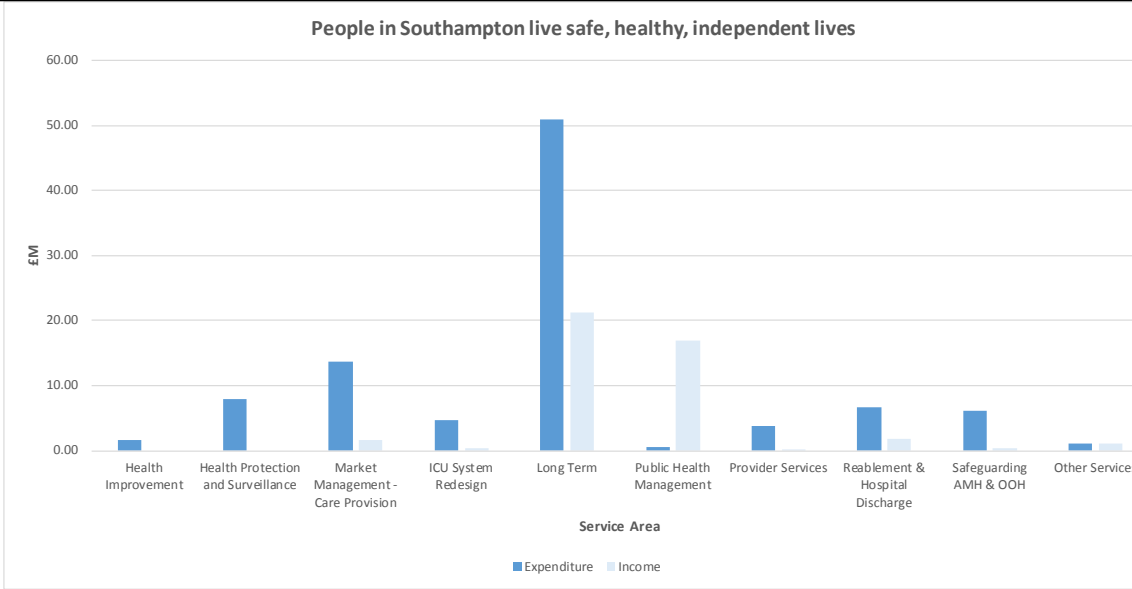
**Our Goal** We want Southampton to be a city that is recognised for its approach to preventing problems and intervening early. We want our residents to have the information and support they need to live safe, active, healthy lives and to be able to live independently for longer.



£23.3M	A modern, sustainable council
£41.0M	Children and young people get a good start in life
£53.2M	People in Southampton live safe, healthy, independent lives
£9.6M	Strong, sustainable economic growth
£29.6M	Southampton is an attractive, modern city where people are proud to live and work
£24.2M	Centrally Managed Funds (Treasury Management, Housing Benefit, Contingency Provision & Staffing & Contract Inflation).

**Other expenditure and income for this outcome:**

Other Services	Expenditure £M	Income £M
Adult Services Management	0.41	(0.90)
Air Quality Monitoring	0.01	(0.01)
City Services - Public Toilets	0.03	0.00
Population Healthcare	0.39	0.00
Social Fund & Property	0.15	(0.18)
	1.00	(1.09)



**Budget Envelope (£M)**

2018/19	53.2
2019/20	43.3
2020/21	44.1
2021/22	44.1

This represents a reduction of **17%** over the four year period of the Medium Term Financial Strategy.

**What do we know?**

Population

- The population of Southampton is currently 253,989 and by 2024 it is expected to grow by 4.8% to 266,285.
- The population aged 65+ is predicted to rise by 14.5% between 2017 and 2024.
- 22.3% of the city's population are non-White British, including 14% who are residents from Black or Minority Ethnic backgrounds.

Housing and homelessness

- 12,739 households in the city were identified as living in fuel poverty in 2015.
- 16,300 homes let on council tenancies, and over 8,000 households are on the council's Housing Register.
- In Autumn 2017 Southampton recorded 29 rough sleepers, up from 23 in the previous year. This reflects a rate of 0.28 rough sleepers per 1,000 households, up from 0.22 in 2016.

Health and social care

- The council supports around 3,000 adults with care needs.
- Female life expectancy in Southampton is 83.1 years (similar to national averages) compared to male life expectancy of 78.2 years, which is lower than the national average but similar to many of our comparator areas.
- Mortality rates are generally falling in Southampton. However, although people are living longer, it is often with long term conditions and an extended period of poor health/disability.
- Southampton has a mortality rate of 34.4 per 100,000 population from preventable respiratory disease, compared to the England average of 18.6 per 100,000 population.
- Life expectancy is 8.4 years lower for men and 5.7 years lower for women in the most deprived areas of Southampton than in the least deprived areas. For men life expectancy is 75.5 years in the most deprived wards compared to 83.3 in the least deprived areas, and for women is 81.7 in the most deprived areas compared to 85.3 in the least deprived areas.
- The city has higher than national average levels of obesity, smoking and binge drinking.
- Southampton was identified by central government in 2016 as one of five cities to be mandated to provide a chargeable Clean Air Zone to help tackle poor air quality by 2020.

Crime and community safety

- Recorded crime rates in the city increased by 13.3% in 2016/17, compared to a 10% increase recorded nationally.
- The number of recorded violent offences in Southampton rose by 14.4% in 2016/17, and the number of serious sexual offences increased by 58%.
- In the 2017 Community Safety Survey, 76% of residents said that they felt safe during the day, falling to 42% after dark.

**What have we achieved in 2017/18?**

- Continued to deliver the Southampton Better Care Plan, and further integrate health and social care services in the city.
- Worked together across council and with partners post Grenfell disaster to ensure residents feel safe and secure in their homes.
- Southampton has significantly less people being temporarily housed in B&B accommodation than other councils. In March 2017 the average rate of households accommodated in B&Bs by local authorities was 0.28 per 1,000 households nationally. It was significantly lower in Southampton at a rate of 0.06 per 1,000.
- Nearly 100% of crisis referrals were responded to within 2 hours through our integrated Rehabilitation and Reablement Service, 98% of elderly clients assessed in A&E were diverted from hospital admission and 89% of reablement clients achieved their reablement goals.
- Approval of development of a local Energy Service Company (ESCo) to help tackle fuel poverty and supply cost effective energy to residents and businesses.
- Continued energy efficiency improvements for residents through the Southampton Healthy Homes (SHH) programme.
- Re-accreditation of the council's telecare service for a further three years by the Telecare Services Association.
- Worked in partnership across the city to address rough sleeping and begging, both providing support services for homeless individuals and undertaking enforcement activity in relation to antisocial behaviours. Supported 17 people who were rough sleeping into accommodation through commissioned specialist services.
- Supported and treated over 1,100 people with drugs and alcohol issues through commissioned specialist services.
- Officially recognised by the Alzheimer's Society for our work towards becoming a dementia friendly city.
- Procured the new Southampton Living Well Service which will transform the current older person's day services to a new wellbeing and activity offer delivered through Community Wellbeing Centres.

**Performance achievements**

- Increased the number of carers using social care who receive Direct Payments in 2017/18 from 81.3% in Q1 to 86.7% in Q4.
- Number of long term admissions to residential and nursing care homes (per 100,000 population - 65+) has reduced to 799.8 against a target of 863.6.
- 22% improvement in the number of delayed days in transfers of care from hospital since 2016/17.
- 79% tenants satisfied with the Housing Service in 2017, up 15% since the previous survey.

<b>Leader's Focus: "Rebuilding communities"</b>		<ul style="list-style-type: none"> <li>Improve tenant experience, with a focus on repairs and voids</li> <li>Invest in energy related measures to reduce fuel poverty</li> </ul>	
<b>Idea appraisal during 2018/19 and 2019/20</b>		<ul style="list-style-type: none"> <li>Prioritising community development to increase independence (ASC) or to encourage neighbourhood based support</li> </ul>	
<b>Priority</b>	<b>2018/19 objectives and targets</b>	<b>2018/19 investment</b>	<b>Medium term goals</b>
1	<b>We will increase the proportion of social care service users receiving direct payments</b>	<ul style="list-style-type: none"> <li>Improve communications to promote Direct Payments and support users including website updates, leaflets, YouTube videos and an Employer's Support guide for individuals in receipt of Direct Payments who act as an employer</li> </ul>	<ul style="list-style-type: none"> <li>Significantly increase take-up of Direct Payments</li> </ul>
2	<b>We will improve housing quality and reduce fuel poverty</b>	<ul style="list-style-type: none"> <li>Launch the council owned energy company 'Citizen' and reinvest its profits into alleviating fuel poverty for Southampton's residents</li> <li>Continue to deliver energy efficiency measures in council owned properties</li> <li>Continue investment in estate regeneration</li> </ul>	<ul style="list-style-type: none"> <li>Simplify and widely publicise the process for making complaints about rogue landlords</li> </ul>
3	<b>We will improve air quality</b>	<ul style="list-style-type: none"> <li>Tackle air pollution with a range of measures including introduction of a Clean Air Zone by 2019 with charges for the most polluting HGVs taxis and buses (subject to agreement)</li> </ul>	<ul style="list-style-type: none"> <li>Continue to work with partner organisations to deliver Shore Power in Southampton</li> <li>Continue to roll out the green wall across the boundary of the docks and explore further locations along busy roads</li> </ul>
4	<b>We will protect vulnerable people and enable more people to live independently</b>	<ul style="list-style-type: none"> <li>Complete the current citywide programme of fitting sprinklers to all council high-rise blocks</li> <li>Increase investment in advice services for those most impacted by the Government's benefit changes</li> <li>Sign up to UNISON's Ethical Care and Residential Care Charters ending 15-minute care visits and providing care workers with paid travel time</li> <li>Continue to improve adult social care including long term care</li> <li>Continue to maintain and improve council housing stock, and increase tenant empowerment</li> <li>Continue to improve joint commissioning across health and council services, with a focus on safety, quality, prevention and early intervention</li> <li>Deliver health improvement plans including the Children's Healthy Weight Plan to reduce childhood obesity, and to address issues such as substance misuse</li> <li>Continue to make best use of care technology, deliver adaptations and develop 'housing with care' to help people live independently in their own homes</li> <li>Continue to focus on homelessness through the updated Homelessness Prevention Strategy</li> <li>Deliver new public toilets at the new Bargate complex</li> </ul>	<ul style="list-style-type: none"> <li>Implement in full recommendations of the scrutiny inquiry looking at drug-related litter in parts of the city</li> <li>Develop an integrated model for supported housing (Housing First principles) that addresses problems for people with drug and alcohol dependency</li> <li>Take further action on preventing the city's unacceptably high suicide rate linked to action on mental health stigma and discrimination</li> <li>Work with early years providers and others to promote opportunities for greater links between the generations e.g. by locating nurseries in new extra care housing schemes for older people</li> </ul>

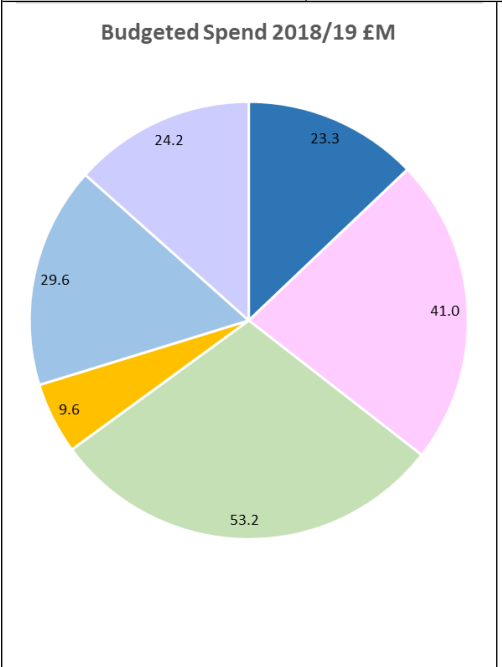
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Key Measure by Priority	Benchmark	Performance						Targets		How we are performing vs how we will need to perform		Performance Gap	
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2017/18	2019/20		
<b>We will increase the proportion of social care service users receiving direct payments, so that service users have more choice and control</b>													
% of people using social care who receive direct payments	28.3%	-	-	-	19.8%	18.1%	20.3%	32.5%	39.0%	20.3%	39.0%	18.7%	From target
% carers using social care who receive direct payments	74.3%	-	-	-	-	76.2%	86.7%	85.0%	90.0%	86.7%	90.0%	3.3%	From target
<b>We will improve housing quality and reduce fuel poverty</b>													
% local council housing stock that is decent	94.8%	94.9%	93.5%	92.4%	92.0%	93.3%	92.0%	95.0%	96.0%	92.0%	96.0%	4%	From target
Number of Council owned homes where Energy Efficiency Measures have been installed	n/a							600	TBC	n/a	TBC	-	-
<b>We will improve air quality</b>													
Recorded levels of nitrogen dioxide in the city's Air Quality Management Areas (ug/m3)	n/a	39.1	41.6	39.5	35.5	38.5	36.1	34.79	34.65	34.79	34.65	1.31	Over target
<b>We will protect vulnerable people and enable more people to live independently</b>													
Number of long term admissions to residential and nursing care homes (per 100,000 population 65+)	610.7	-	-	-	1117.0	877.1	728.7	731.5	TBC	728.7	TBC	-	-
Number of Adult Social Care clients using care technology	n/a	-	-	-	388	785	1044	1306	1330	1044	1330.0	262	From target
Number of 'extra care' homes built to provide housing for people with support needs	n/a	32	28	0	0	54	0	50	50	n/a	50	50	From target
<b>KEY:</b> <span style="color: blue;">BLUE</span> Greater than 10% over target <span style="color: green;">GREEN</span> 5% under target to 10% over target <span style="color: orange;">AMBER</span> Between 5% and 10% from target <span style="color: red;">RED</span> Greater than 10% from target <span style="background-color: #cccccc; padding: 2px;">No target available</span>													



# DRAFT Southampton is an attractive, modern city where people are proud to live and work

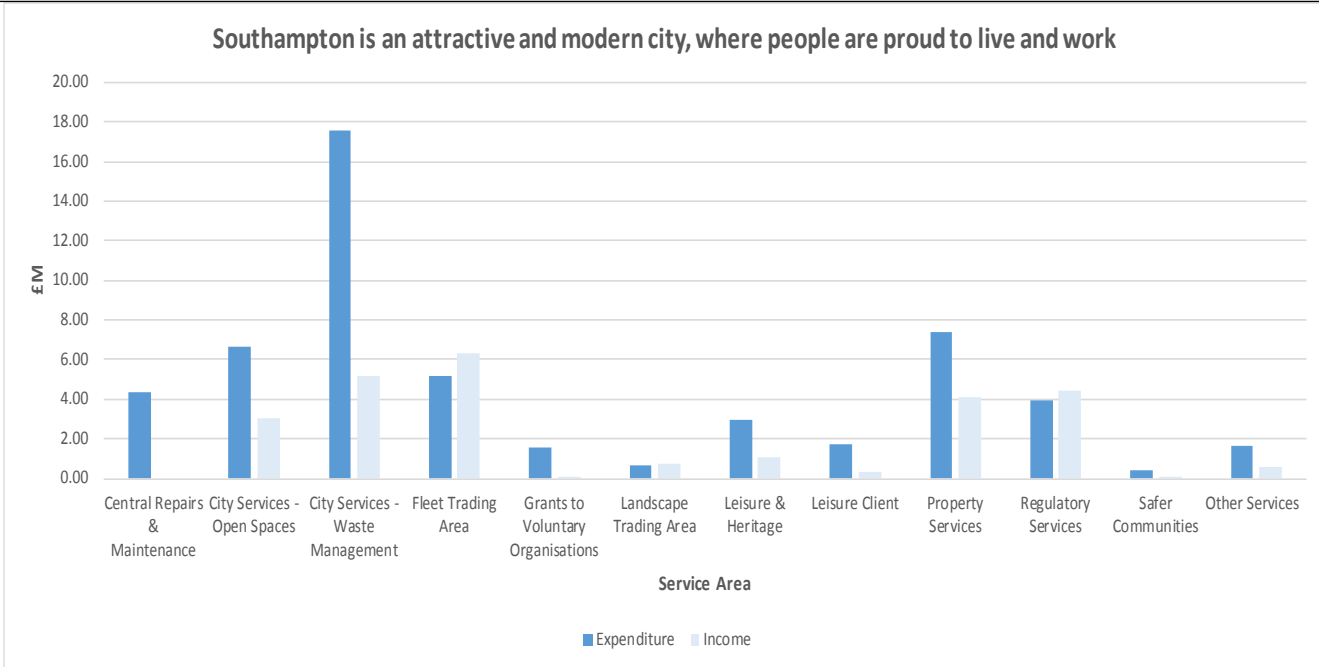
**Our Goal** We want to build on Southampton’s vibrant and diverse cultural offer to make our city a great place for businesses, visitors and residents. This means making sure that Southampton is green, clean, attractive and easy to get about for our residents, visitors and investors.



£23.3M	A modern, sustainable council
£41.0M	Children and young people get a good start in life
£53.2M	People in Southampton live safe, healthy, independent lives
£9.6M	Strong, sustainable economic growth
£29.6M	Southampton is an attractive, modern city where people are proud to live and work
£24.2M	Centrally Managed Funds (Treasury Management, Housing Benefit, Contingency Provision & Staffing & Contract Inflation).

**Other expenditure and income for this outcome:**

Other Services	Expenditure £M	Income £M
Community Centres	0.04	0.00
Community Safety, Alcohol Related Crime, CCTV	0.15	(0.05)
Directorate & Portfolio Management	0.04	(0.01)
Emergency Planning	0.29	(0.08)
Highways & Parking	0.01	(0.00)
HR Services - Health & Safety	0.35	0.00
Legal Services & Customer Relations - Records M	0.11	0.00
Leisure Events	0.32	(0.24)
Other Services - Kanes Hill	0.08	(0.09)
Planning	0.25	(0.07)
	1.64	(0.54)



Budget Envelope (£M)	
2018/19	29.6
2019/20	26.3
2020/21	26.3
2021/22	26.3

This represents a reduction of **11%** over the four year period of the Medium Term Financial Strategy.

## What do we know?

**Population**

The population of Southampton is currently 253,989 and by 2024 it is expected to grow by 4.8% to 266,285. 22.3% of the city’s population are non-White British, including 14% who are residents from Black or Minority Ethnic backgrounds.

Southampton has residents from over 55 different countries, speaking 153 different languages.

- There are around 100,000 households in the city, with 51% owner occupiers and 25% living in privately rented homes.

**City services**

- The council manages and maintains:
  - Over 416 miles of highways, 49 parks and 1,140 hectares of open space.
  - 3 museums and a number of other monuments and heritage sites across the city.
  - 5 cemeteries and a crematorium, and a registration service for births, deaths and marriages.
- Southampton is a city of excellent parks and open spaces:
  - 2 Green Flag awards
  - Peartree Green as new Local Nature Reserve
  - A number of ‘friends of’ and community groups supporting parks, cemeteries and neighbourhoods.
- The council recycles, composts and reuses over 27,000 tonnes of waste every year and deals with over 6,000 incidents of fly tipping a year.
- We now deliver more services online, making them more efficient and commercial and improving customer satisfaction and making services more efficient and commercial:
  - Online reporting of missed bin collections.
  - Online purchasing of memorials.
  - Online quotes for Waste services.
  - Online booking for Pest Control services.

**Arts, culture and events**

- The Sea City museum attracts 80,000 visitors per year.
- Southampton Art Gallery holds an internationally important collection of over 5,300 works of art.
- Around 500,000 people attend events in the city every year.

## What have we achieved in 2017/18?

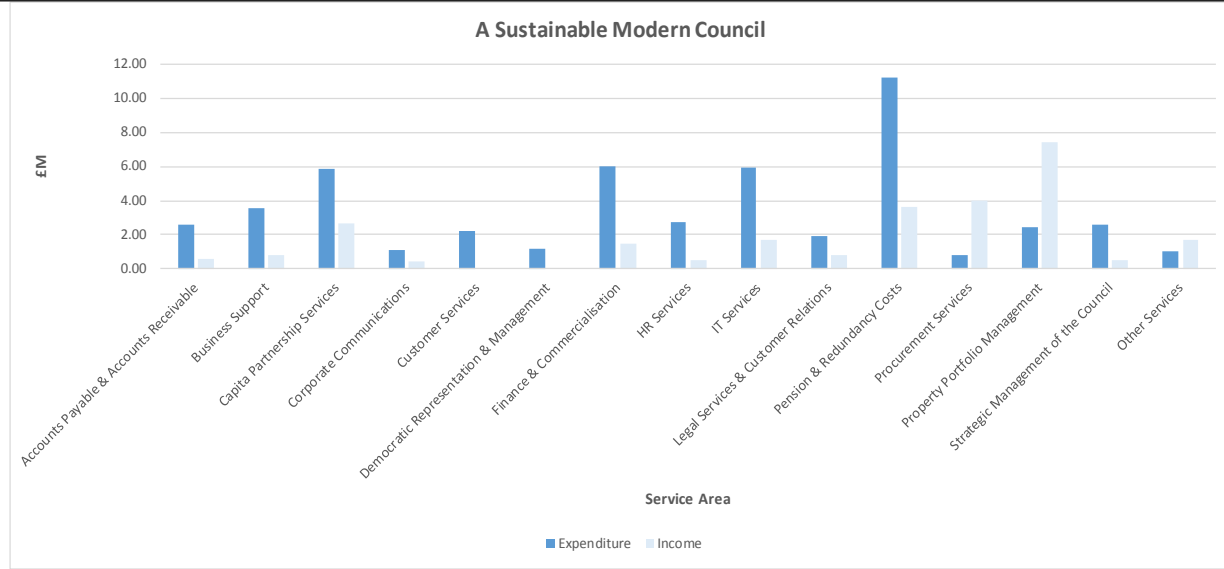
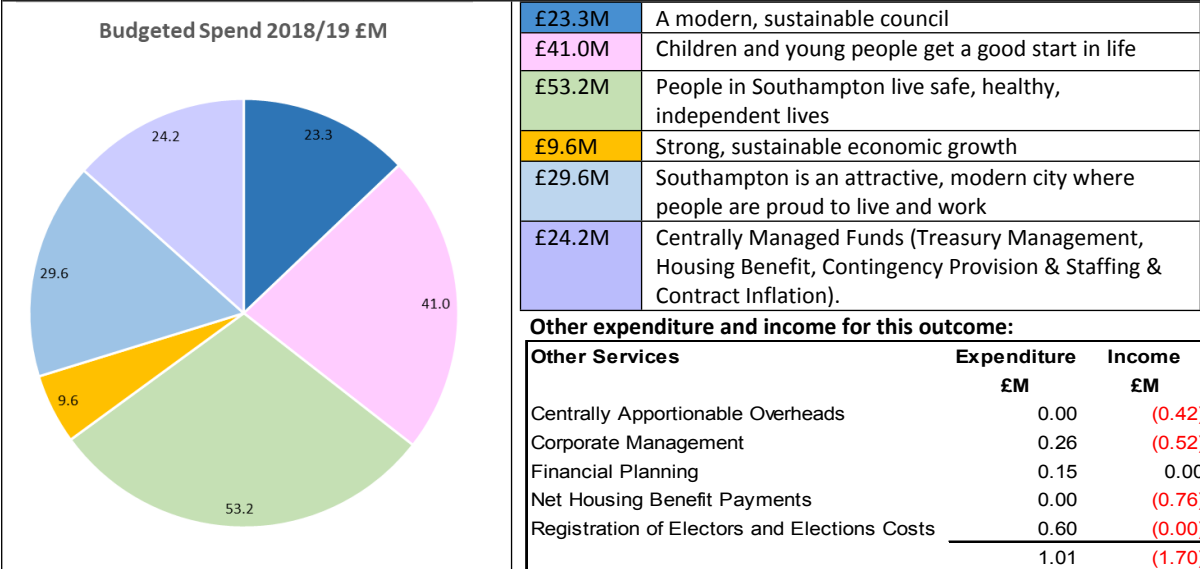
- Successful implementation of Alternate Weekly Collections.
  - Installation of 10 mixed plastic recycling banks at 7 locations around the city to enable residents to recycle the plastics that are not currently collected as part of the kerbside collection scheme.
  - 15% increase in visitor numbers at our Arts and Heritage venues.
  - £13M Arts Council investment in seven arts organisations across the city to increase the city’s cultural offer.
  - Secured £892K funding for the city’s Clean Air Strategy.
  - Approval of the Cycling Strategy and the introduction of YoBikes to the city.
  - Secured £5M Department of Transport funding for further improvements to the Millbrook Roundabout.
  - Completed deep clean of the city centre.
  - Successful Christmas event, with a unique flying Santa, 40/20 chalets in the market, a 3.740sqm/740sqm ice rink at Westquay Esplanade accommodating 200 people at a time and a 35ft Christmas tree in Guildhall Square.
  - 2,891 potholes on the roads and 481 potholes on the pavements in the city were filled during 2017/18.
  - £11.4M capital investment into road, footway and cycleway maintenance in 2017/18, which is nearly double the investment in 2012/13.
  - 534 local children submitted designs for a new city flag, and the winner Yihuan Han’s design is now flying in locations across the city.
  - Achieved a successful events programme, with highlights including the ABP Marathon, Common People, Sky View Observation Wheel, Christmas Festival, Ice Rink at Westquay and the opening of Studio 144.
- Performance achievements**
- Achieved over double, against our target number of 25 family friendly events, with 54 family friendly events across the year.
  - Recycling rates increased from 29.7% in 2016/17 to 33% in 2017/18.

<b>Leader's Focus: "Clean and green"</b>		<ul style="list-style-type: none"> <li>Investment in the physical environment across all neighbourhoods in the city</li> </ul>		
<b>Idea appraisal during 2018/19 and 2019/20</b>		<ul style="list-style-type: none"> <li>Citizen's contract and becoming one of the top 10 Happy Cities</li> <li>Space for artists to take over</li> </ul>		
<b>Priority</b>	<b>2018/19 objectives and targets</b>	<b>2018/19 investment</b>	<b>Medium term goals</b>	
<b>1</b>	<b>We will keep our city clean</b>	<ul style="list-style-type: none"> <li>Clean up Southampton by investing £400,000 in extra street cleaning; amounting to over 20,000 extra hours of work to spruce up our city</li> <li>Press neighbouring local councils to expand the county's waste recycling facilities to allow a wider range of materials to be recycled (e.g. plastics)</li> <li>Continue to deliver waste collection service, street cleansing and green spaces maintenance to keep the city clean and tidy</li> </ul>	<b>£0.400M</b>	<ul style="list-style-type: none"> <li>Develop recycling facilities available to residents to increase the range of materials that can be recycled</li> <li>Pilot the use of mobile phone camera technology to better enable citizens to report environmental issues such as graffiti, overflowing rubbish bins, potholes, misuse of bike stands, illegal pavement parking etc</li> </ul>
<b>2</b>	<b>We will ensure roads and pavements are maintained</b>	<ul style="list-style-type: none"> <li>Invest in an improved pothole repair service where we will see potholes fixed in days rather than weeks or months</li> <li>Increase spending on roads and pavement resurfacing; we pledge to complete a hundred schemes next year focusing on small residential roads and cycle routes</li> </ul>	<b>£0.080M</b> <i>(Budgeted in Economic Growth)</i> <b>£10.920M</b> <i>(Budgeted in Economic Growth)</i>	
<b>3</b>	<b>We will strengthen and develop community groups</b>	<ul style="list-style-type: none"> <li>Ensure that Southampton remains a welcoming city to our many diverse communities and adopt a zero tolerance approach to hate crime by promoting a third party reporting scheme</li> <li></li> </ul>		<ul style="list-style-type: none"> <li>Support local community organisations by doubling the amount we invest in the local community small grants and working with 'friends of' groups</li> <li>Work with residents to protect local community buildings by listing them as community assets</li> <li>Tackle the increasing problems associated with off-road motorcycle riding in a number of Southampton neighbourhoods</li> </ul>
<b>4</b>	<b>We will increase pride in our city by ensuring there is a vibrant and diverse cultural, entertainment &amp; leisure offer</b>	<ul style="list-style-type: none"> <li>Invest in Christmas lighting for our main district shopping centres in Shirley, Portswood, and Woolston</li> <li>Deliver a range of projects to improve and enhance the city's cultural heritage including improvements to the Art Gallery and Tudor House Museum, the SeaCity Treasure Trove, investments in ancient monuments and the Mayflower Memorial</li> </ul>	<b>£1.447M</b>	<ul style="list-style-type: none"> <li>Ensure that there are more events throughout the city for everyone to enjoy</li> <li>Invest in the City's heritage and cultural life, including delivery of a series of activities and events to commemorate Mayflower 400 in 2020</li> <li>Ensure that there are more physical activities and improved sports facilities in our parks and open spaces</li> <li>Support the City's local artists through participation in the 'Public Art Local' programme</li> <li>Redevelop Southampton's Outdoor Sport Centre</li> <li>Support requests from local Saints supporters for introducing on a pilot basis 'safe standing' zones at St Mary's Stadium</li> </ul>

Key Measure by Priority	Performance						Targets		How we are performing vs how we will need to perform		Performance Gap	
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2017/18	2019/20		
<b>We will keep our city clean</b>												
Number of requests for street cleaning and fly tipping clearance each year	5139	6208	5796	4987	5287	4770	4250	3750	4770	3750	550	From target
<b>We will ensure roads and pavements are maintained</b>												
% Unclassified roads requiring urgent structural maintenance	14.0%	17.0%	18.0%	20.0%	24.0%	TBC	23.0%	23.0%	TBC	23.0%	-	-
% A Roads requiring structural maintenance	10.0%	11.0%	6.0%	6.0%	4.0%	TBC	6.0%	6.0%	TBC	6%	-	-
<b>We will strengthen and develop community groups</b>												
Amount of additional external funding secured by voluntary and community organisations we support	£540,900	£466,516	£542,523	£466,425	£853,977	£560,332	£520,000	£540,000	£560,332	£540,000	£40,332	Over target
<b>We will increase pride in our city by ensuring there is a vibrant and diverse cultural, entertainment &amp; leisure offer</b>												
Number of family friendly events in the city each year	-	-	-	52.0	54.0	72	25	25	72	25	47	Over target
<b>KEY:</b> <b>BLUE</b> Greater than 10% over target <b>GREEN</b> 5% under target to 10% over target <b>AMBER</b> Between 5% and 10% from target <b>RED</b> Greater than 10% from target <b>No target available</b>												

# DRAFT A Modern, Sustainable Council

**Our Goal** We want to be an efficient and effective organisation with robust financial planning, a commercial outlook, high performing workforce, evidence based decision making and excellent communications to support the delivery of customer focused outcomes.



**Budget Envelope (£M)**

2018/19	23.3
2019/20	18.7
2020/21	17.2
2021/22	17.2

This represents a reduction of **26%** over the four year period of the Medium Term Financial Strategy.

## What do we know?

- The way that councils are funded is changing and we are becoming more efficient; using technology and new ways of working to moving towards greater self-sufficiency, in an environment of increasing demand.

### Customer feedback

The council's customer base is very diverse with 22.3% of the city's population being are non-White British, residents from over 55 different countries, speaking 153 different languages.

According to the City Survey 2016:

- 55% of residents are satisfied with the way the council runs things
- 43% feel the council provides value for money
- 66% feel informed about local public services

### Digital

- Many customers are more satisfied when using online forms than any other method of contact - 77% of residents would go online to pay a bill such as a parking fine, 80% shop or bank online and 43% use a smartphone for online transactions.
- Use of the council's website has steadily increased: 43% of Southampton residents recently used it to look up information.
- However, 11% of our residents don't have access to computers.
- We continue to grow our online and social media channels, with c.120k subscribers to Stay Connected, c.7.5k followers on Facebook, 38k followers on Twitter, and 48k followers on the events Twitter. We are consistently one of the highest rated councils amongst our comparators in terms of our social media presence and impact.

### Workforce

- Southampton City Council employs 2,880 staff (excluding schools) of whom 61% live in the city of Southampton.
- According to the 2017 Staff Survey:
  - 62% of staff would say they are proud to work for Southampton City Council, up from 51% in 2015
  - 48% of staff would recommend Southampton City Council as an employer, up from 41% in 2015
  - 82% are prepared to go above and beyond what is expected to help Southampton City Council succeed (same as 2015)
  - 90% feel they can rely on other people in their teams, up from 88% in 2015
  - 80% find their job fulfilling and interesting (same as 2015)
  - However, the survey showed some dissatisfaction with working at the council, senior management and how change is managed.
- We currently have 43 apprentices in the council.

## What have we achieved in 2017/18?

- Priority outcomes are well defined and aligned to resource allocation and to improve wider understanding of the council's vision and 'golden thread', comprehensive and regular induction programme for new and existing staff was established.
- Staff Survey showed that cross council efforts have resulted in high levels of understanding of the direction of travel, e.g.:
  - 69% understand the priority outcomes in the Council Strategy
  - 83% can see how their team's output contributes to the success of the council
  - 91% understand the aims and objectives of their teams
  - Overall improvement in staff engagement from 47 to 52
- Successful implementation of the Apprenticeship Levy, introduction of an Apprenticeships First Policy (to recruit apprentices into council vacancies), Developing Careers Policy (to develop existing workforce) and internship programme, working with local universities.
- Well established arrangements to encourage participation and engagement of children and young people which is making a positive difference in terms of ensuring the voice of the child is heard.
- Approval of the Customer Strategy and the Digital Strategy ensuring they are aligned, and prioritised project planning for the introduction of IT systems which will help front line staff to be more efficient (Business World, Case management for social workers, Customer Relationships Management, website content).
- Effective communications on fostering and adoption, Alternate Weekly Collection, recruitment of social workers etc. utilising a full range of social and digital media to engage residents and staff, gathering praise from a number of stakeholders.
- Robust foundation established for the council to ensure its financial allocations align completely with delivering the best possible outcomes for the residents of Southampton, through Outcome Based Planning and Budgeting and business plan integration. This is supported by implementation of the new organisational design for the council which has the necessary financial, commercial, project and programme management skills built in so that the council can use evidence and modelling in planning for the longer term.
- Excellent legal support to Southampton and Fareham Councils was nationally recognised by the Lawyers in Local Government Legal Awards - Legal Services winning the Project Related Team of the Year award and being commended in four other categories.

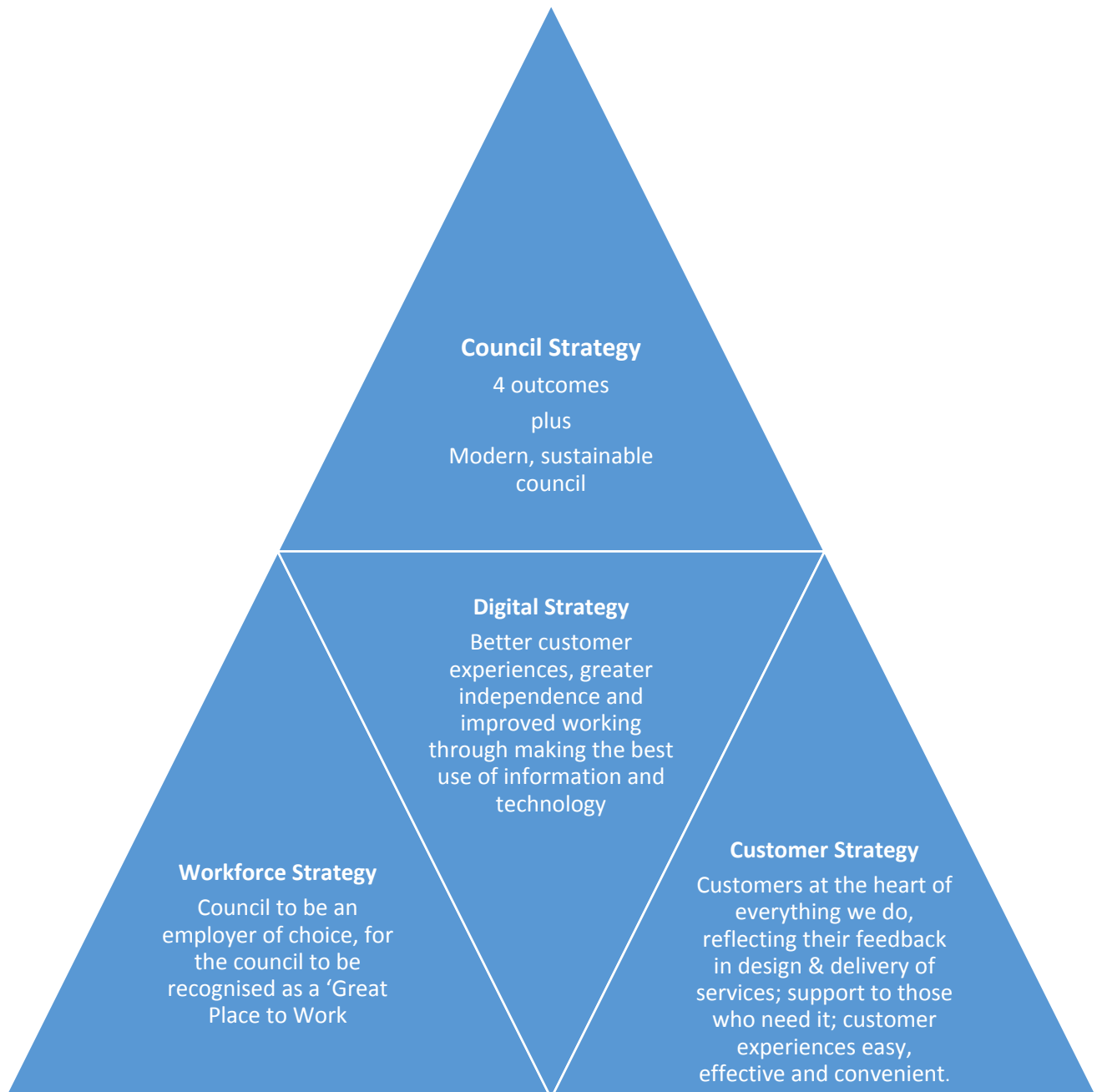
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<b>Leader's Focus: "Southampton Pound"</b>		<ul style="list-style-type: none"> <li>Develop and deliver the Southampton Pound</li> </ul>		
<b>Idea appraisal during 2018/19 and 2019/20</b>		<ul style="list-style-type: none"> <li>Explore options for Customer Relationship Management</li> <li>Website</li> </ul>		
<b>Priority</b>		<b>2018/19 objectives and targets</b>	<b>2018/19 investment</b>	<b>Medium/longer term goals</b>
<b>1</b>	<b>Workforce Strategy</b>	<ul style="list-style-type: none"> <li>Increase the number of local apprenticeship opportunities directly within the council and with organisations where we have contracts; provide a minimum of fifty well-paid council apprenticeships a year</li> <li>Work to increase the percentage of staff who are local residents including: <ul style="list-style-type: none"> <li>Monitoring applicants via post code to gauge local interest</li> <li>Attending local recruitment events</li> <li>Supporting the development and delivery of skills workshops for local people</li> </ul> </li> <li>Develop and deliver a new staff wellbeing programme</li> <li>Continue to improve staff engagement</li> <li>Invest in accommodation improvements including responding to Staff Survey feedback</li> </ul>	<b>1.713M</b>	<ul style="list-style-type: none"> <li>Ensure that any Southampton resident applying for a job with the Council who meets essential criteria might expect an interview</li> <li>Provide ten paid internships every summer to young people who either live in Southampton or attend one of our universities</li> </ul>
<b>2</b>	<b>Digital Strategy</b>	<ul style="list-style-type: none"> <li>Invest in digital improvements</li> <li>Deliver easy payment mechanism through the instruction of Business World system</li> <li>Update the Client Case Management system</li> </ul>	<b>£2.488M</b>	
<b>3</b>	<b>Medium Term Financial Strategy</b>			<ul style="list-style-type: none"> <li>Update the council's ethical procurement model, drawing on the approach pioneered successfully by Preston City Council to source more goods and services locally</li> <li>Establish a Local Authority Trading Company (LATCO) to bid for commercial work and then reinvest profits into other council services/projects</li> </ul>
<b>4</b>	<b>Peer Challenge recommendations</b>	<ul style="list-style-type: none"> <li>Continue to move from a short term internal focus to a longer term ambition as leaders of place (through regular review of the council's Medium Term Financial Strategy)</li> <li>Develop a single set of political, organisational and vision based priorities that are unique to Southampton (incorporated in Outcome Plans; City Vision to be considered by Southampton Connect)</li> <li>Match the ambition of our priorities to the council's capacity and capability to deliver (through a prioritisation plan to be agreed by Cabinet and the Council Management Team by July 2018)</li> <li>Continue to proactively drive growth faster by refocusing on high impact developments to maximise the economic benefit and deliver the city vision (through revision of the Master Plan)</li> <li>Work with partners, staff and residents to better promote the city of Southampton (to be led by a city wide group of stakeholders, led by the Chair of Culture Southampton)</li> <li>Prioritise and focus on digital and ICT transformation and investment as this is key to unlocking the council's transformational goals (agreed programme of IT and digital projects)</li> <li>Continue to develop 'financial discipline' throughout the council to better support the delivery of the Medium Term Financial Strategy (to be supported by changes in business processes to implement Business World)</li> <li>Continue to improve organisational effectiveness by: <ul style="list-style-type: none"> <li>Further embedding empowerment of managers and staff across the council</li> <li>Ensuring clear accountability and responsibility (single owner)</li> <li>Investing more in staff wellbeing activities</li> <li>Ensuring appropriate arrangements are in place to support training and development</li> <li>Reviewing all paper based systems to make them more productive whilst implementing the digital transformation programme</li> <li>Smarter use of data to inform decision making</li> <li>Getting smarter at restructuring so that the organisation is not consumed by the process</li> </ul> </li> </ul>		

Key Measure by Priority	Performance						Targets		How we are performing vs how we will need to perform		Performance Gap	
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2017/18	2019/20		
<b>A Modern, Sustainable Council</b>												
% Council Tax paid by Direct Debit	-	-	-	73.90%	74.10%	74.70%	80%	80%	74.70%	75%	0.3%	From target
Number of Facebook likes (main corporate account)	-	-	-	-	6,471	8,664	9,500	10,750	8,664	10,750	-	-
Number of Twitter Followers (main corporate news account)	-	-	-	-	34,759	42,800	49,000	56,500	42,800	56,500	-	-
Council Website total visits	-	-	-	-	2,547,368	3,039,950	3,340,000	3,670,000	3,039,950	3,670,000	-	-
Number of apprentices employed by the council	-	-	-	-	35	43	50	50	43	50	7	From target
% of new starter staff at the council that are Local Residents	-	-	-	57.23%	51.08%	52.50%	55%	60%	55%	60%	5%	From target
Staff sickness levels (Days lost per FTE rolling 12 Months)	-	-	-	10.9	9.9	11.08	8.5	8.5	11.08	8.5	2.58	From Target
<b>KEY:</b> <b>BLUE</b> Greater than 10% over target <b>GREEN</b> 5% under target to 10% over target <b>AMBER</b> Between 5% and 10% from target <b>RED</b> Greater than 10% from target <b>No target available</b>												

### Strategic Framework

Explicit alignment and linkage between Council Strategy, Medium Term Financial Strategy, Workforce Strategy, Customer Strategy and the Digital Strategy



<b>Council Strategy Outcomes</b>	<b>Alignment and linkages</b>
<ul style="list-style-type: none"> <li>• Southampton is a city with strong and sustainable economic growth</li> <li>• Children and young people in Southampton get a good start in life</li> <li>• People in Southampton live safe, healthy, independent lives</li> <li>• Southampton is a modern, attractive city where people are proud to live and work</li> </ul>	<p><b>MTFS</b> Delivery of the priority outcomes in the Council Strategy in an affordable and sustainable way over a 4 year period. (link with Workforce, Customer and Digital Strategies)</p> <p><b>Digital Strategy</b></p> <ul style="list-style-type: none"> <li>• Southampton has a growing digital economy</li> <li>• Digital data is secure, accurate and well-managed</li> <li>• Public services in Southampton are digitally 'joined up'</li> </ul>
<p>We want to put our residents and customers at the heart of everything we do:</p> <ul style="list-style-type: none"> <li>• First time resolution – getting things right first time and delivering joined-up services with partners.</li> <li>• Easy as 1,2,3 – simple, efficient services designed around our customers' needs.</li> <li>• Informed by insight – involving our customers in the design, development and review of services.</li> </ul> <p>Assisted digital – digital services, with extra help for those who need it. Empower customers, communities and employees - supporting customers and communities to become more self-reliant.</p>	<p><b>Customer Strategy</b></p> <ul style="list-style-type: none"> <li>• We want to put all of our customers at the heart of everything we do, reflecting their feedback in the design and delivery of services, and to provide appropriate support to those who need it ensuring that customer experiences are easy, effective and convenient.</li> <li>• Better customer experiences (Link with Digital Strategy)</li> </ul> <p><b>Digital Strategy</b></p> <ul style="list-style-type: none"> <li>• Make contacting the council, finding information and doing business with us easier for our customers (Link with Customer Strategy)</li> <li>• Digital is the first choice for most customers</li> </ul>
<p>Modern sustainable council</p> <p>Value for money – delivering cost effective services, ensuring that we can continue to keep customers at the heart of what we do.</p>	<p><b>MTFS</b> <b>Workforce Strategy</b></p> <ul style="list-style-type: none"> <li>• To be an employer of choice, for the council to be recognised as a 'Great Place to Work' where employees have pride in their work, the council and the city.</li> <li>• A robust HR and OD foundation (link with Digital Strategy)</li> <li>• Help the council run efficiently, providing staff with the right digital tools for the job(link with Digital Strategy)</li> </ul> <p><b>Digital Strategy</b></p> <ul style="list-style-type: none"> <li>• Our digital vision is of better customer experiences, greater independence and improved working through making the best use of information and technology (Link with Customer Strategy)</li> </ul>



### Equality and Safety Impact Assessment

The **Public Sector Equality Duty** (Section 149 of the Equality Act) requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people carrying out their activities.

The Equality Duty supports good decision making – it encourages public bodies to be more efficient and effective by understanding how different people will be affected by their activities, so that their policies and services are appropriate and accessible to all and meet different people’s needs. The Council’s Equality and Safety Impact Assessment (ESIA) includes an assessment of the community safety impact assessment to comply with Section 17 of the Crime and Disorder Act and will enable the Council to better understand the potential impact of proposals and consider mitigating action.

<b>Name or Brief Description of Proposal</b>	Southampton City Council Outcome Plans 2018-19.
<b>Brief Service Profile (including number of customers)</b>	
<p>The Council Strategy 2016-20 was approved in 2016 and provides a strategic way forward in delivering a better quality of life for our residents. The council has to deliver this Strategy in a climate of ongoing financial challenges where funding is reducing year on year and to plan to be more self-sufficient by 2020/21. This is against a backdrop of needing to become more commercially minded, increasing demands for some of our high cost services and radical changes in resident expectations of accessing council services.</p> <p>Southampton City Council’s draft outcome plans reflect on the achievements and challenges relating to each outcome, and set out a summary of the council’s planned activity to deliver the Council Strategy outcomes in 2018-19, including:</p> <ul style="list-style-type: none"> <li>• The key areas of focus within each outcome</li> <li>• The Executive’s draft Commitments</li> <li>• The council’s responses to the LGA Peer Challenge recommendations and that actions relating to them</li> <li>• High level activities to deliver the outcomes</li> <li>• Key Capital Investment projects</li> <li>• Indicative budget envelopes and reductions for 2018-20 and beyond</li> </ul> <p>The delivery of the Council Strategy, via the draft Outcome Plans, will affect all residents in all wards as well as visitors and people who work in the city.</p>	

The current population of the city is 253,989 and by 2024 it is expected to grow by 4.8% to 266,285. The city has approximately 6,000 businesses with around 115,000 workers employed in the city. The city sees approximately 7 million day visitors and 1.9 cruise visitors passing through the city each year.

**Summary of Impact and Issues**

The draft outcome plans do not propose any changes to the Council Strategy 2016-20 and therefore impacts and issues are anticipated to be limited.

The draft Outcome Plans include the updated ‘Leader’s focus’ for the council:

<i>Council Strategy outcomes</i>	<i>Leader’s focus</i>
Southampton has strong, sustainable economic growth	Homes for all
Children and young people get a good start in life	Aspiration
People in Southampton live safe, healthy, independent lives	Rebuilding communities
Southampton is a modern, attractive city where people are proud live and work	Clean and green
A modern, sustainable council	Southampton Pound

The draft Outcome Plans also include a revised draft Executive’s Commitments aligned to the Council Strategy outcomes. These range from top 20 commitments, to areas where officers will be exploring whether the objectives are achievable and affordable and providing options for the Administration to consider.

Decisions on specific projects that are developed in relation to the draft Executive’s Commitments or as part of the wider activity to deliver the Council Strategy delivery will be supported by a detailed Equality and Safety Impact Assessment.

**Potential Positive Impacts**

The impacts of delivering the Leader’s focus and the actions set out in the draft Outcome Plans are expected to have positive impacts on residents, visitors and people working in city. This includes:

- Increased economic growth will help more people in the city to gain and retain employment, reduce the wage gap between residents and commuters and reduce ‘in work poverty’. Focusing on homes for all will reduce potential homelessness and support the growth of the city and its economy.
- Giving children and young people a good start in life is essential ensuring that they go on to fulfil their potential and become successful adults who are engaged in their communities. Focusing on aspiration will help improve the outcomes for those children and young people.
- Enabling people to live safe, healthy independent lives has positive



<p>impacts on health, as well as aging well, and the overall wellbeing of our residents. Focusing on rebuilding communities will support a prevention and early intervention approach and community resilience.</p> <ul style="list-style-type: none"> <li>• Making Southampton a modern, attractive city drives city pride, supports tourism, and underpins economic growth . A focus on a clean, green city will support the sustainable growth of the city as well as supporting the wealth and wellbeing of our residents.</li> <li>• A modern, sustainable council is essential to ensuring that the council continues to deliver high quality services at good value for our residents.</li> </ul>	
<b>Responsible Service Manager</b>	Felicity Ridgway, Service Lead – Policy, Partnerships and Strategic Planning
<b>Date</b>	06/07/18
<b>Approved by Senior Manager</b>	Emma Lewis, Service Director – Intelligence, Insight and Communications
<b>Date</b>	06/07/18

### Potential Impact

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
<b>Age</b>	<ul style="list-style-type: none"> <li>• Approximately 55,174 children and young people (aged 0-18) live in Southampton and this number is expected to rise by 5.2% by 2024.</li> <li>• Children and young people under the age of 19 years make up 21.7% of the population of Southampton.</li> <li>• Approximately 34,781 people aged 65+ live in Southampton, and this expected to rise by 14.5% between 2017 and 2024.</li> <li>• Supporting children and young people to get a good start in life, and enabling people to live safe, healthy independent lives will have a positive impact in relation to age.</li> </ul>	N/A – positive impact

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
<b>Disability</b>	<ul style="list-style-type: none"> <li>Activity to enable people to live safe, healthy, independent lives will support the wellbeing and independence of residents with disabilities.</li> </ul>	N/A – positive impact
<b>Gender Reassignment</b>	<ul style="list-style-type: none"> <li>No specific impacts identified relating to gender reassignment.</li> </ul>	N/A
<b>Marriage and Civil Partnership</b>	<ul style="list-style-type: none"> <li>No specific impacts identified relating to marriage and civil partnership.</li> </ul>	N/A
<b>Pregnancy and Maternity</b>	<ul style="list-style-type: none"> <li>No specific impacts identified relating to pregnancy and maternity.</li> </ul>	N/A
<b>Race</b>	<ul style="list-style-type: none"> <li>22.3% of the city’s population are non-White British, including 14% who are residents from Black or Minority Ethnic backgrounds.</li> <li>There are no specific impacts identified relating to race.</li> </ul>	N/A
<b>Religion or Belief</b>	<ul style="list-style-type: none"> <li>No specific impacts identified relating to religion or belief.</li> </ul>	N/A
<b>Sex</b>	<ul style="list-style-type: none"> <li>No specific impacts identified relating to sex.</li> </ul>	N/A
<b>Sexual Orientation</b>	<ul style="list-style-type: none"> <li>No specific impacts identified relating to sexual orientation.</li> </ul>	N/A
<b>Community Safety</b>	<ul style="list-style-type: none"> <li>Delivering the outcome ‘safe, healthy, independent lives includes delivering activity relating to community safety.</li> </ul>	N/A – positive impact
<b>Poverty</b>	<ul style="list-style-type: none"> <li>Nearly a quarter (23.4%) of the children in the city live in relative poverty compared to an England average of 20.1%.</li> <li>Commuter/resident wage gap means that people who live and work in the city earn £64 per week less than those who commute into the city for</li> </ul>	N/A – positive impact

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
	<p>work.</p> <ul style="list-style-type: none"> <li>Activity to support economic growth and give children and young people a good start in life will aim to reduce poverty, including reducing 'in work poverty', and address the resident commuter wage gap.</li> </ul>	
<b>Health &amp; Wellbeing</b>	<ul style="list-style-type: none"> <li>Female life expectancy in Southampton is 83.1 years (similar to national averages) compared to male life expectancy of 78.2 years, which is lower than the national average but similar to many of our comparator areas.</li> <li>Mortality rates are generally falling in Southampton. However, although people are living longer, it is often with long term conditions and an extended period of poor health/disability.</li> <li>Activity to enable safe, healthy, independent lives will support improved health and wellbeing within the city.</li> </ul>	N/A – positive impact
<b>Other Significant Impacts</b>	<ul style="list-style-type: none"> <li>The financial challenges referred to in the report could see an impact of reduced services in some areas.</li> </ul>	<p>Decisions on specific projects or any service reductions will be supported by a detailed Equality and Safety Impact Assessment, and proposals relating to setting the Budget for 2019/20 and beyond will be subject to public consultation.</p>

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<b>DECISION-MAKER:</b>	<b>CABINET COUNCIL</b>		
<b>SUBJECT:</b>	<b>JOINT AIR QUALITY UNIT (JAQU), CLEAN AIR ZONE EARLY MEASURES FUND</b>		
<b>DATE OF DECISION:</b>	17 JULY 2018 18 JULY 2018		
<b>REPORT OF:</b>	<b>CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT</b>		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	Neil Tuck	Tel: 023 8083 3409
	<b>E-mail:</b>	neil.tuck@southampton.gov.uk	
<b>Director</b>	<b>Name:</b>	Mike Harris	Tel: 023 8083 2882
	<b>E-mail:</b>	Mike.Harris@southampton.gov.uk	

<b>STATEMENT OF CONFIDENTIALITY</b>	
N/A	
<b>BRIEF SUMMARY</b>	
To consider the report of the Cabinet Member for Environment and Transport seeking approval for funding awarded to Southampton City Council (SCC) from the DfT's Joint Air Quality Unit (JAQU).	
SCC, in partnership with New Forest District Council, has secured £1,731,677 from the Government's Clean Air Zone Early Measures Fund to deliver a set of projects prior to the implementation of the city's Clean Air Zone in 2019/2020 that will reduce harmful emissions. Southampton is one of 5 cities from across the country identified for the first round of Clean Air Zones. This funding, that has been allocated by JAQU, is aimed specially at lowering emissions from the city's vehicle fleet before the introduction of the Southampton Clean Air Zone.	
The total funding of £1,731,677 will be delivered within the 2018/2019 financial year, with £1,545,000 allocated for cycle infrastructure and promotional activities along two corridors identified in the Southampton Cycle Strategy (A33 The Avenue and the A3024 Bursledon Road-Bitterne Road West), £55,000 allocated for additional investment in the city's emerging Legible Cycle network wayfinding signage, £81,677 for marketing and communications work linked to the promotion of cycling and the National Clean Air Day and £50,000 for feasibility and design work for cycle route development in the east of the New Forest District linked to Southampton. As part of this project, there is £385,000 of match funding from the council's LTP Capital budget and Roads Programmes to support delivery of the cycle infrastructure works through already committed works along The Avenue.	
<b>RECOMMENDATIONS:</b>	
<b>CABINET</b>	
	(i) To accept funding totalling £1,731,677 awarded by the DfT for 2018/2019;

	(ii)	To administer and monitor the use of Clean Air Zone Early Measures Funding approved by Council for the delivery of cycle infrastructure and promotional activities to support the Council's commitment to reduce emissions and improve air quality within the Southampton area;
<b>COUNCIL</b>		
	(i)	To approve expenditure of the full £2,116,677 (£1,731,677 from the Government's Clean Air Zone Early Measures Fund and £385,000 from the Council's LTP Capital budget) by the end of 2018/19 for the delivery of cycle infrastructure and promotional activities, Legible Cycle network wayfinding signage, marketing and communications work linked to the promotion of cycling and the National Clean Air Day and feasibility and design work for cycle route development in the east of the New Forest District linked to Southampton.
<b>REASONS FOR REPORT RECOMMENDATIONS</b>		
1.		SCC have been successful in securing funding to help improve the air quality in Southampton by delivering infrastructure and behaviour change marketing campaigns that will support modal shift away from single occupancy private car use to cycling to reduce harmful emissions. This is a positive initiative ahead of the introduction of the Southampton Clean Air Zone by the end of 2019.
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>		
2.		Not to approve the receipt of grant funding from the Joint Air Quality Unit. This would result in not being able to carry out the proposed projects as outlined in the bid document, and therefore not contributing to the reduction of air pollution in Southampton which would be of detriment to the City.
<b>DETAIL (Including consultation carried out)</b>		
3.		<b>What problem / opportunity is being addressed?</b> The National Air Quality Plan for Nitrogen Dioxide in UK (2017) has identified Southampton as one of five UK cities, outside London, that are not expected to meet national air quality limit values by 2020. As such Southampton is mandated to establish a Clean Air Zone (CAZ) by the end of 2019. This project will form part of the SCC's Clean Air Zone Strategy and Clean Air Zone Implementation Plan (adopted in November 2016) of which the aim is to bring about compliance with the air quality objectives within the shortest possible time.
4.		A recommendation of the CAZ Strategy and Implementation Plan is to deliver improved infrastructure for sustainable modes to facilitate increased cycling rates as an effective mechanism for delivering direct emission reductions alongside the introduction of a CAZ.
5.		Even though private cars may not be restricted, as part of a charging CAZ, or other alternative arrangements currently being evaluated, a vital part of the long term success of the CAZ, will be changing people's travel behaviours and habits. In particular a shift away from private cars to alternative sustainable and healthy active modes of transport, or different routes or times to get into the city centre, to reduce the proportional contribution private cars make to pollution levels at key points in the city. The Clean Air Strategy

	establishes a requirement to ‘increase the uptake of public transport, cycling and walking’ amongst the list of associated mitigating measures and the JAQU funding that has been secured supports this priority.
6.	<p><b>Why is it important to address this?</b></p> <p>Traffic in Southampton affects air quality. The cycle network in Southampton requires continued investment to help provide an attractive alternative to the private car, thereby supporting more sustainable travel patterns. Traffic can only use a limited number of routes into Southampton due to the geography of the city –these heavily trafficked corridors are also locations of the Air Quality Management Areas (AQMAs) in Southampton.</p>
7.	<p>On an average working day traffic on the six main corridors entering the city centre, across the AM peak (7am-9am), is 16,789 vehicles, and 30,837 people enter the city centre with 58.2% in cars/light vehicles and 2.4% cycling – around 730 people. Two of the busiest corridors are the A33 and A3024 corridors with 32,860 vehicles on Bassett Avenue and 26,607 on Northam River Bridge each day, and they are high frequency bus corridors with 12 bus per hour on The Avenue and 25 bus per hour on Northam Road part of A3024. However, current levels of cycling are low on these two routes with 1% cycling mode share on both routes.</p>
8.	<p>The 2011 Census shows that 53,597 of work commuter trips (car/van) by Southampton residents being made within the City, while a further 52,782 cross border work commute (return) trips. These shorter trips made by private car have a large effect on overall traffic and pollution problems, analysis by Solent Transport using their SRTM, shows that 38% of internal car trips in South Hampshire are less than 5km and this rises to 56% in the most densely populated areas of Southampton. On average Southampton residents travel 7.6 miles each day – this includes travel to work and for other reasons. This demonstrates that the majority of trips by car are of a distance that are in the range of active modes such as cycling.</p>
9.	<p><b>What’s the solution being proposed?</b></p> <p>SCC, in partnership with New Forest District Council has secured £1,731,677 from the Government’s Joint Air Quality Unit towards a total £2.385m package to deliver cycling infrastructure and promotional activities on two corridors identified in the Southampton Cycle Strategy – SCN5 (A33 The Avenue) and SCN 8 &amp; 10 (A3024 Bursledon Road-Bitterne Road West) that:</p> <ol style="list-style-type: none"> <li>1. Focus on transferring short distance trips away from the car to healthy &amp; active travel by investing in high quality segregated cycle infrastructure on The Avenue,</li> <li>2. Providing an alternative route bypassing an air quality hotspot close to Bitterne Rail Station,</li> <li>3. Connect an area of deprivation, a school and community cycle hub to an arterial cycle route through a series of cycle Quietways, and</li> <li>4. Can be delivered quickly as early measures before the commencement of the CAZ in 2019.</li> </ol>
10.	<p>The approach will focus on supporting the priority outcomes identified in the Southampton Cycle Strategy and Clean Air Strategy around improving air quality, supporting businesses and organisations, and collaborating with communities and residents. The approach also supports the policies in the</p>

	Council Strategy, Local Transport Plan and the Local Plan's development and growth objectives.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
11.	Clean Air Zone Early Measures Capital Grant funding of £1,731,677 in 2018-2019, which will be allocated for the delivery of cycle infrastructure and promotional activities, Legible Cycle network wayfinding signage, marketing and communications work linked to the promotion of cycling and the National Clean Air Day and feasibility and design work for cycle route development in the east of the New Forest District linked to Southampton.
12.	As part of this project, there is £385,000 of match funding from the council's LTP Capital budget and Roads Programmes to support delivery of the cycle infrastructure works through already committed works along The Avenue. This brings the total package of works to £2,116,677.
<b><u>Property/Other</u></b>	
13.	No conflict.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
14.	The Highways Act 1980, improvement of Highways Part V provides the local authority with the general power of improvement to improve the Highway including the implementation of cycle tracks.
<b><u>Other Legal Implications:</u></b>	
15.	A variety of associated secondary legislation supports emission reduction and clean air zone initiatives including PPG 16 (planning policy guidance), transport and environmental legislation and regulations and guidance supporting the same. In implementing a CAZ and measures designed to improve emission standards and air quality the Council must have regard to s.149 of the Equalities Act 2010 (the public sector equality duty) to ensure the proposals put in place proactively address the need to eliminate direct and indirect discrimination (including where these have positive impacts such as improving air quality in areas where there is a high proportional of individuals having protected characteristics or where they are disproportionately affected by emission levels due to disability and health related matters etc). In addition, the Council must ensure that the proposals have regard to the right to respect private and family life and impact on property rights etc protected under the Human Rights Act 1998.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
16.	The package of measures will be managed and delivered under the remit of the Strategic Transport Team using existing resources and governance structures. As the highway authority for Southampton, SCC has responsibility to maintain and improve the cycling infrastructure within its administrative boundary and has an established process in place for overseeing and delivering capital infrastructure schemes such as the one outlined within this proposal. SCC and BBLP are fully resourced for a major programme of works such as this.



17.	In order to manage risks and ensure that delivery concerns are brought to the Authority's attention, responsibilities for risk management are clearly defined. A risk management procedure is in place with accountability to both the Integrated Transport Board and the Clean Air Implementation Board.
18.	From the previous Clean Air Zone Early Measures Fund allocation, secured in 2017, the key lesson learned is the complexities surrounding land ownership. This is being addressed) through negotiation and viable alternatives and will be considered as soon as possible during the implementation of the schemes outlined in this programme.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
20.	SCC is a Local Transport Authority as prescribed in the Transport Act 2000. The Southampton City Strategy 2015-25 sets out a vision for the whole of the city as 'a city of opportunity where everyone thrives' and is taken forward through the Council Strategy 2016-20 which sets out four outcomes that make up that vision – strong and sustainable growth, people get a good start in life, live safe, happy and independent lives and Southampton is an attractive modern city where people are proud to live and work.
21.	Below the Council Strategy the Southampton Local Transport Plan (LTP3), Clean Air Strategy 2016-2025, Air Quality Action Plan (2009) and Cycling Southampton 2017-2027 translate the vision and outcomes into the way SCC will put this into action. The proposals in this report are not contrary to the requirements of this Policy Framework.

<b>KEY DECISION?</b>	<b>Yes</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	All Southampton Wards and Communities
<u>SUPPORTING DOCUMENTATION</u>	
<b>Appendices</b>	
1.	None

**Documents In Members' Rooms**

1.	None
<b>Equality Impact Assessment</b>	
<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</b>	<b>Yes</b>
<b>Data Protection Impact Assessment</b>	
<b>Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.</b>	<b>No</b>
<b>Other Background Documents</b>	
<b>Other Background documents available for inspection at:</b>	
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>
1.	None

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### Equality and Safety Impact

The **Public Sector Equality Duty** (Section 149 of the Equality Act) requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people carrying out their activities.

The Equality Duty supports good decision making – it encourages public bodies to be more efficient and effective by understanding how different people will be affected by their activities, so that their policies and services are appropriate and accessible to all and meet different people’s needs. The Council’s Equality and Safety Impact Assessment (ESIA) includes an assessment of the community safety impact assessment to comply with Section 17 of the Crime and Disorder Act and will enable the Council to better understand the potential impact of proposals and consider mitigating action.

<b>Name or Brief Description of Proposal</b>	Clean Air Zone (CAZ) Early Measures Fund
<b>Brief Service Profile (including number of customers)</b>	
<p>SCC, in partnership with New Forest District Council, has secured £1,731,677 from the Government’s Clean Air Zone Early Measures Fund to deliver a set of projects prior to the implementation of the city’s Clean Air Zone in 2019/2020 that will reduce harmful emissions. Southampton is one of 5 cities from across the country identified for the first round of Clean Air Zones. This funding, that has been allocated by JAQU, is aimed specially at lowering emissions from the city’s vehicle fleet before the introduction of the Southampton Clean Air Zone.</p> <p>The total funding of £1,731,677 will be delivered within the 2018/2019 financial year, with £1,545,000 allocated for cycle infrastructure and promotional activities along two corridors identified in the Southampton Cycle Strategy (A33 The Avenue and the A3024 Bursledon Road-Bitterne Road West), £55,000 allocated for additional investment in the city’s emerging Legible Cycle network wayfinding signage, £81,677 for marketing and communications work linked to the promotion of cycling and the National Clean Air Day and £50,000 for feasibility and design work for cycle route development in the east of the New Forest District linked to Southampton.</p> <p>As part of this project, there is £385,000 of match funding from the council’s LTP Capital budget and Roads Programmes to support delivery of the cycle infrastructure works through already committed works along The Avenue.</p>	
<b>Summary of Impact and Issues</b>	
<p>Southampton is the eighth most polluted city in the UK, accounting for 100 avoidable deaths each year. The National Air Quality Plan for Nitrogen Dioxide in UK (2017) has identified Southampton as one of five UK cities, outside London, that are not expected</p>	

to meet national air quality limit values by 2020. As such Southampton is mandated to establish a Clean Air Zone (CAZ) by the end of 2019. This project will form part of the SCC's Clean Air Zone Strategy and Clean Air Zone Implementation Plan (adopted in November 2016) of which the aim is to bring about compliance with the air quality objectives within the shortest possible time.

At present the Council is pursuing CAZ options that could potentially include a penalty charge for non-compliant vehicles operating within its boundary. A recommendation of the CAZ Strategy and Implementation Plan is to deliver improved infrastructure for sustainable modes to facilitate increased cycling rates as an effective mechanism for delivering direct emission reductions alongside the introduction of a CAZ.

Whilst private cars are unlikely to be restricted, as part of a charging CAZ or other alternative arrangements currently being evaluated, a vital part of the long term success of the CAZ will be changing people's travel behaviours and habits, particularly away from private cars to alternative sustainable and healthy active modes of transport, or different routes or times to get into the city centre, to reduce the proportional contribution private cars make to pollution levels at key points in the city. The Clean Air Strategy establishes a requirement to 'increase the uptake of public transport, cycling and walking' amongst the list of associated mitigating measures and the JAQU funding that has been secured supports this priority.

### **Potential Positive Impacts**

The funding secured from the Government's Clean Air Zone Early Measures Fund will focus on supporting a number of the priority outcomes identified in the Southampton Cycle Strategy and Clean Air Strategy around improving air quality, supporting businesses and organisations, and collaborating with communities and residents. Improved cycle infrastructure and behaviour change measures will deliver a number of positive impacts:

- Reduced dependence on the private car through an increased number of people choosing to cycle;
- By addressing congestion and improving rates of active travel, we will also improve the overall life chances of those who are facing social exclusion - reducing the impact of air pollution and the effects of inactivity;
- Improved journeys for existing cyclists using the two routes targeted for improvement through use of the funds. Continued use of these routes by existing cyclists will help to establish cycling as a social norm - Drivers using the same arterial routes see 'people like them' cycling alongside, giving increased exposure to a new social norm Monday to Friday. This is fundamental to our plan to "Develop a Walking and Cycling Culture";
- The two routes are through neighbourhoods with a high propensity for cycling as mapped using the Department for Transport's Propensity for Cycling tool, so the measures will reach audiences with a greater likelihood to change their behaviour;
- Perception of safety has been shown to be a significant barrier to people taking up cycling. This is confirmed locally by people's intentions in the Southampton Travel Attitudes Survey 2015, where a third of respondents wanted to cycle more often but felt they were not confident enough to cycle on the road. The capital investment proposed through use of the CAZ Early

<p>Measures funding will provide direct, safe, and segregated routes along the two corridors which will help to mitigate such concerns;</p> <ul style="list-style-type: none"> <li>• Coupling investment in cycle infrastructure with promotional work will ensure that residents and commuters who don't currently cycle know about the improvements to the two routes;</li> <li>• With widening social exclusion, offering opportunities to widen transport horizons is essential for those currently outside employment. For those on lower incomes, travel becomes a higher percentage of their household budget. By improving cycle routes through wayfinding and capital improvements, as well as by offering improved information about active travel, it expands the travel options for those looking for work.</li> </ul>	
<b>Responsible Service Manager</b>	Pete Boustred
<b>Date</b>	
<b>Approved by Senior Manager</b>	
<b>Date</b>	

### Potential Impact

<b>Impact Assessment</b>	<b>Details of Impact</b>	<b>Possible Solutions &amp; Mitigating Actions</b>
<b>Age</b>	Children, the elderly and people with existing lung or heart conditions are the most susceptible to the health effects of air pollution. Children living in highly polluted areas are four times more likely to have reduced lung function in adulthood than those living in an area of low pollution. Strategies, such as the initiatives outlined in the package of measures funded in Southampton by the CAZ Early Measures Fund, can contribute to reducing exposure and reversing this effect.	Not applicable
<b>Disability</b>	Mapping of Chronic Obstructive Pulmonary Disease (COPD) hospital admissions, asthma hospital admissions and cardiovascular hospital admissions against air quality management areas in Southampton City show close correlation. Those areas in Southampton with the highest pollution levels are also areas where hospital admissions for these conditions are highest. These are also areas of significant deprivation	Not applicable

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
	and where we would expect health outcomes to be worse. Mapping of COPD and asthma prevalence against air quality management areas also shows some degree of correlation. Initiatives which contribute to an improvement in air quality will profoundly benefit those suffering from these conditions.	
<b>Gender Reassignment</b>	No direct impact	Not applicable
<b>Marriage and Civil Partnership</b>	No direct impact	Not applicable
<b>Pregnancy and Maternity</b>	More recent evidence has shown that air pollution has effects across the life-course. It is associated with low birth weight, premature birth, organ damage and even stillbirth. Exposure to ultrafine particles in pregnancy has been linked to adverse developmental abnormalities in children including low IQ. Strategies, such as the initiatives outlined in the package of measures funded in Southampton by the CAZ Early Measures Fund can contribute to reducing exposure and reversing this effect.	Not applicable
<b>Race</b>	No direct impact	Not applicable
<b>Religion or Belief</b>	No direct impact	Not applicable
<b>Sex</b>	No direct impact	Not applicable
<b>Sexual Orientation</b>	No direct impact	Not applicable
<b>Community Safety</b>	Cycle infrastructure up the Avenue/Bassett Avenue will offer an alternative route to Lovers Walk for cyclists wanted to travel at speed with the potential to reduce average cycle speeds along Lovers Walk and increasing the safety of pedestrians.	Not applicable
<b>Poverty</b>	The identified cycle routes pass through and connect areas of deprivation within the city with established cycle ways improving alternative means of access to community facilities.	Not applicable
<b>Health &amp;</b>	Focus on transferring short	None

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
<b>Wellbeing</b>	distance trips away from the car to healthy & active travel by investing in high quality segregated cycle infrastructure.	
<b>Other Significant Impacts</b>	No significant impacts identified.	Not applicable

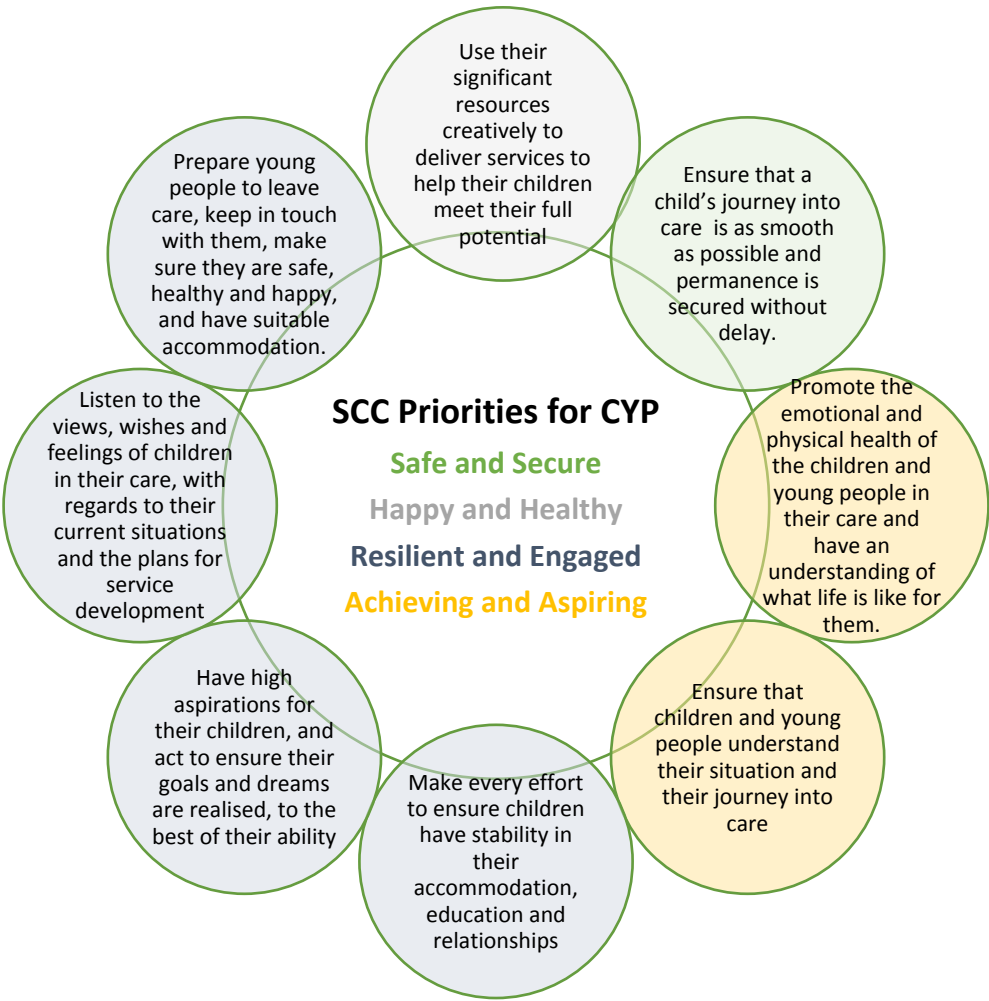
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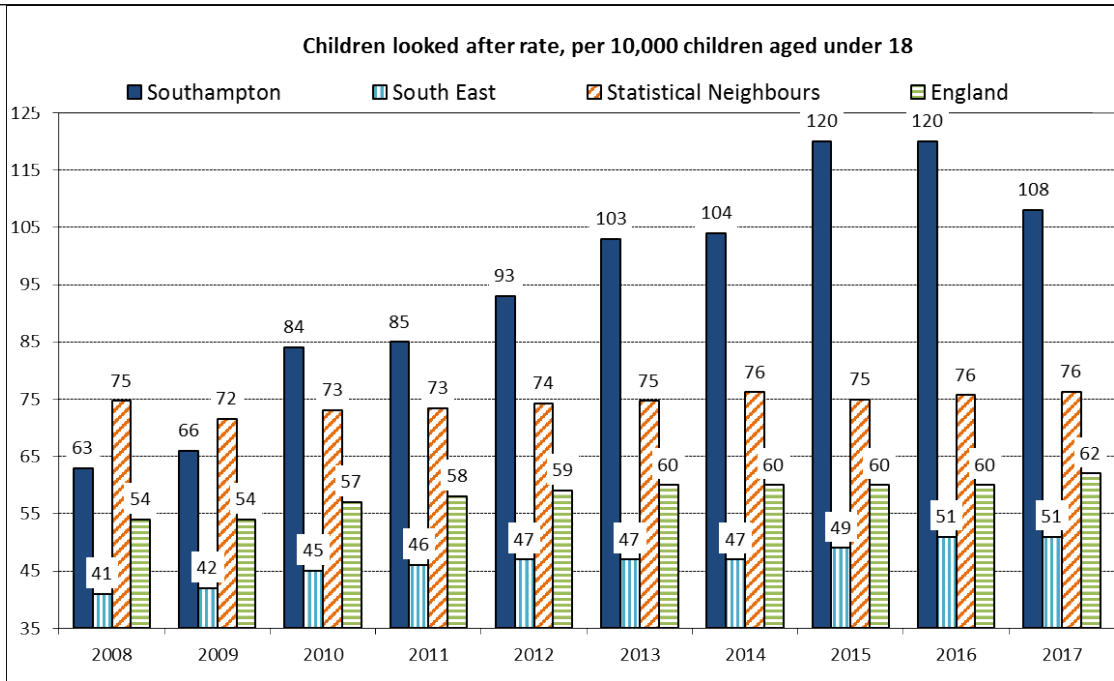
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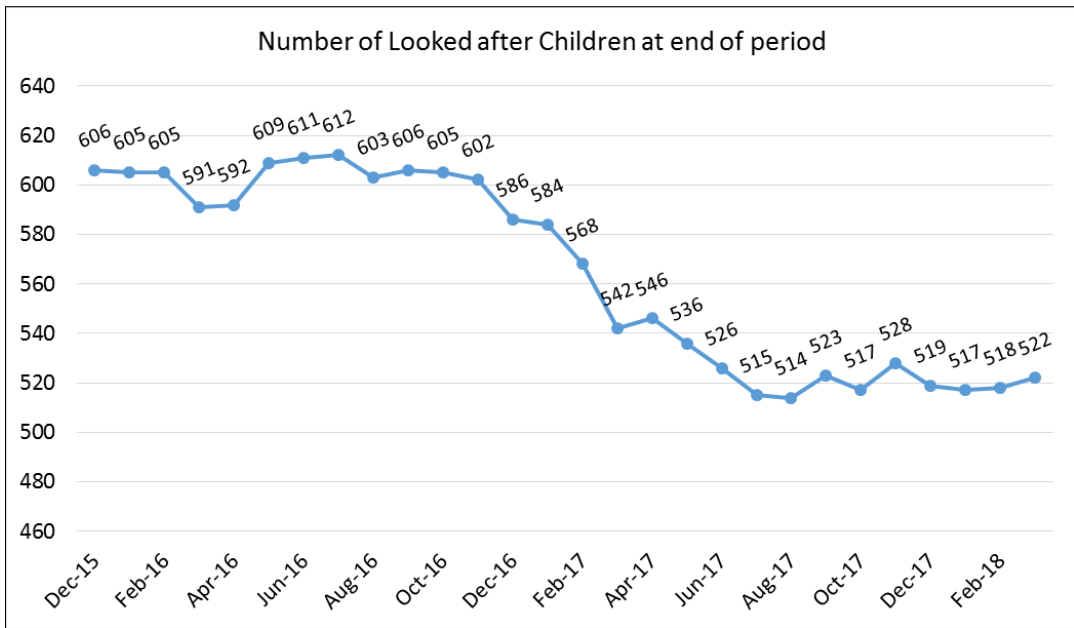
<b>DECISION-MAKER:</b>		COUNCIL	
<b>SUBJECT:</b>		ANNUAL CORPORATE PARENTING REPORT 2017/2018	
<b>DATE OF DECISION:</b>		18 JULY 2018	
<b>REPORT OF:</b>		CABINET MEMBER FOR CHILDREN'S SOCIAL CARE	
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Julian Watkins Service Manager</b>	<b>Tel: 023 8083 3939</b>
	<b>E-mail:</b>	<b>Julian.Watkins@southampton.gov.uk</b>	
<b>Director</b>	<b>Name:</b>	<b>Hilary Brooks</b>	<b>Tel: 023 8083 4899</b>
	<b>E-mail:</b>	<b>Hilary.brooks@southampton.gov.uk</b>	
<b>STATEMENT OF CONFIDENTIALITY</b>			
NONE			
<b>BRIEF SUMMARY</b>			
<p>The Care Planning, Placement and Case Review Regulations (2011) require Local Authorities to provide an annual report on the outcomes for Looked After Children (LAC). This report fulfils that requirement, and provides a profile of Southampton's looked after children and care leavers for the year 2016-17.</p>			
<b>RECOMMENDATIONS:</b>			
	(i)	To note and comment on the contents of this report.	
<b>REASONS FOR REPORT RECOMMENDATIONS</b>			
1.	This report is to provide evidence alongside with other reporting and scrutiny panels that our CIC are appropriately monitored and will also inform the ongoing work in raising outcomes for CIC in Southampton.		
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>			
2.	None		
<b>DETAIL (Including consultation carried out)</b>			
3.	<p>The term 'Corporate Parenting' emphasises that we should have the same interest in and aspirations for children and young people in care (or leaving care) as we would for our own children. Looked after Children are those children and young people from birth to 18 years of age who are unable to remain with their family and are cared for by the local authority. This can be through a voluntary agreement reached with their parents or by virtue of a court order. Some are looked after by family or friends who have been approved as a foster carers. Looked after Children and those leaving care are some of the most vulnerable and disadvantaged children in the community.</p>		
4.	<p>The term 'care leaver,' refers to a looked after child/young person aged 16+ who is transitioning from childhood into adulthood. Local authorities have a statutory obligation to support care leavers until they are 21 years old. In addition, the Children and Social Work Act 2017, Royal Assent 27<sup>th</sup> of April 2017, introduces the additional requirement to offer support to persons aged under 25 who are former relevant children. The extended support role of the foster carer into</p>		

	<p>adulthood will require focus and we are required to produce a 'Care Leavers Offer,' which includes a clear local offer of entitlements.</p>
<p>5.</p>	<p>The concept of Corporate Parenting, introduced in The Children Act 2004, places collective responsibility on local authorities to achieve good parenting for all children in public care (duties of local authorities towards looked after children were listed before, in Children Act 1989, Part III, S. 22 onward). "Corporate Parent" defines the collective responsibility of the council, elected members, employees and partner agencies for providing the best possible care and safeguarding for the children who are looked after in public care. Good corporate parents champion every opportunity to help children and young people in care to achieve their full potential and to have a successful transition into adulthood. Elected members in Southampton carry out this duty through:</p> <ol style="list-style-type: none"> <li>1. Regular meetings between the Cabinet Member for Education and Children's Social Care and the Service Director, Children and Families Service</li> <li>2. Scrutiny of regular reports at the Corporate Parenting Committee</li> <li>3. Representation from the Young People in Care Council at some meetings and additional meetings including members of this group and the Lead Cabinet Member.</li> <li>4. The Children and Families Scrutiny Panel led by Elected Members robustly examines the work and performance of services and outcomes for children and young people in the City and includes a targeted focus upon children in care and care leavers.</li> </ol> <p>Below are the 8 corporate parenting principles that Southampton City Council have adopted as part of the Looked After Children and Care Leavers Service Delivery Plans going forward from 2018-21.</p>

	 <p style="text-align: center;"><b>SCC Priorities for CYP</b></p> <p style="text-align: center;"><b>Safe and Secure</b> <b>Happy and Healthy</b> <b>Resilient and Engaged</b> <b>Achieving and Aspiring</b></p> <p>Use their significant resources creatively to deliver services to help their children meet their full potential</p> <p>Ensure that a child's journey into care is as smooth as possible and permanence is secured without delay.</p> <p>Promote the emotional and physical health of the children and young people in their care and have an understanding of what life is like for them.</p> <p>Ensure that children and young people understand their situation and their journey into care</p> <p>Make every effort to ensure children have stability in their accommodation, education and relationships</p> <p>Have high aspirations for their children, and act to ensure their goals and dreams are realised, to the best of their ability</p> <p>Listen to the views, wishes and feelings of children in their care, with regards to their current situations and the plans for service development</p> <p>Prepare young people to leave care, keep in touch with them, make sure they are safe, healthy and happy, and have suitable accommodation.</p>
6.	<p><b><u>Profile of looked after children and care leavers</u></b></p> <p>As at 31<sup>st</sup> of March 2018, 522 children and young people were looked after in Southampton, compared to 542 at the same time in 2017 and 591 in 2016.</p> <p>The graph below shows Southampton's rates of children in care, compared to those of its statistical neighbours, England and the South East. Data for the end of the financial year 2017-18 will be published later this year, but based on our internal figures, the rate at the end of the financial year was 105, a small decrease from the previous financial year, but a notable drop from 2015 and 2016 rates.</p>



The following graph also shows the ongoing reducing trend in the numbers of children in care in Southampton, from December 2015 to the end of March 2018



7.

**Children starting and leaving care**

In 2017-18, 178 children started to be looked after (compared to 167 in 2016-17 and 210 in 2015-16). Of all the children that became looked after, 21 had been in care once or more sometime in their lives – the same number as in the previous year. In 2015-16 there were 23 children who became looked after for a second or subsequent time.

198 children left care during the year, compared to 220 in 2016-17 and 204 in 2015-16. This reduction will be in part due to a reduction in the number of adoptions completed over the course of the last 12 months, although this remains very high.

8.

**Age groups**

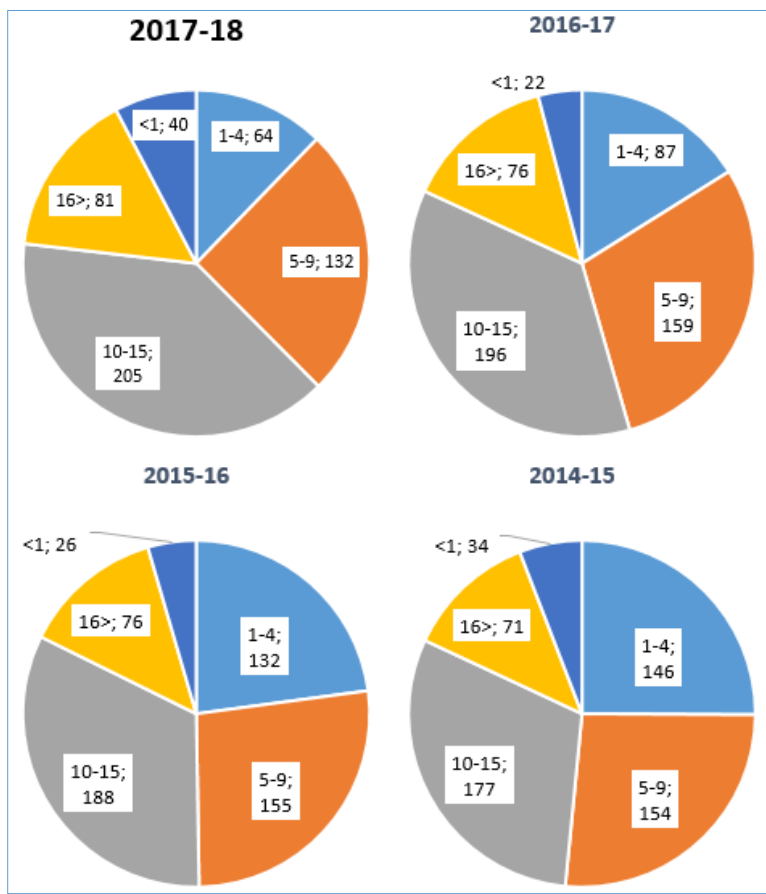
At 31 March 2018, the largest proportion of children in care was aged 10-15, as shown in the top left of the set of graphs below. 10-15 was also the largest age group in the previous three years, followed by children aged 5-9 years. These are predominantly our long term looked after children, for whom we have a long term corporate responsibility as “our,” children. The majority will become our care leavers of the future, and require excellent care, to support them to meet their goals and aspirations when they become older.

1-4 year olds represented 12.3%, and under one year olds 7.7% of looked after children at the end of 2017-18.

This is a lower, and indeed more transient LAC population, in that we are statistically more likely to support these children to find alternative permanency via adoption or Special Guardianship.

Under-fives are our most vulnerable group and this indicates a focus on early intervention with this cohort. We have seen a reduction in the number of 1-4 year old children looked after, but there was in 2017-18 an increase in the number of under one year olds in care when compared to 2016-17.

The table below the graph shows the proportion of each age group of all children in care at the end of each financial year.



Looked after children by age		2014-15	2015-16	2016-17	2017-18
Under 1		5.8%	4.5%	4.1%	7.7%
1-4		25.1%	22.9%	16.1%	12.3%
5-9		26.5%	26.9%	29.4%	25.3%
10-15		<b>30.4%</b>	<b>32.6%</b>	<b>36.3%</b>	<b>39.3%</b>
16 and over		12.2%	13.2%	14.1%	15.5%

9.

**Gender**

As at 31<sup>st</sup> of March 2018, 225 (43.1%) of the children in care were girls and 297 (56.9%) boys, which is similar to the previous year, when 44.3% of children in care were girls and 55.7% boys.

10.

**Ethnicity**

Of the 522 looked after children as at 31<sup>st</sup> of March 2018, 385 (73.8%) were white British and 21 (4%) white (other nationality). 35 (6.7%) were mixed white and black Caribbean. Other ethnicities represented cohorts of under 15 each.

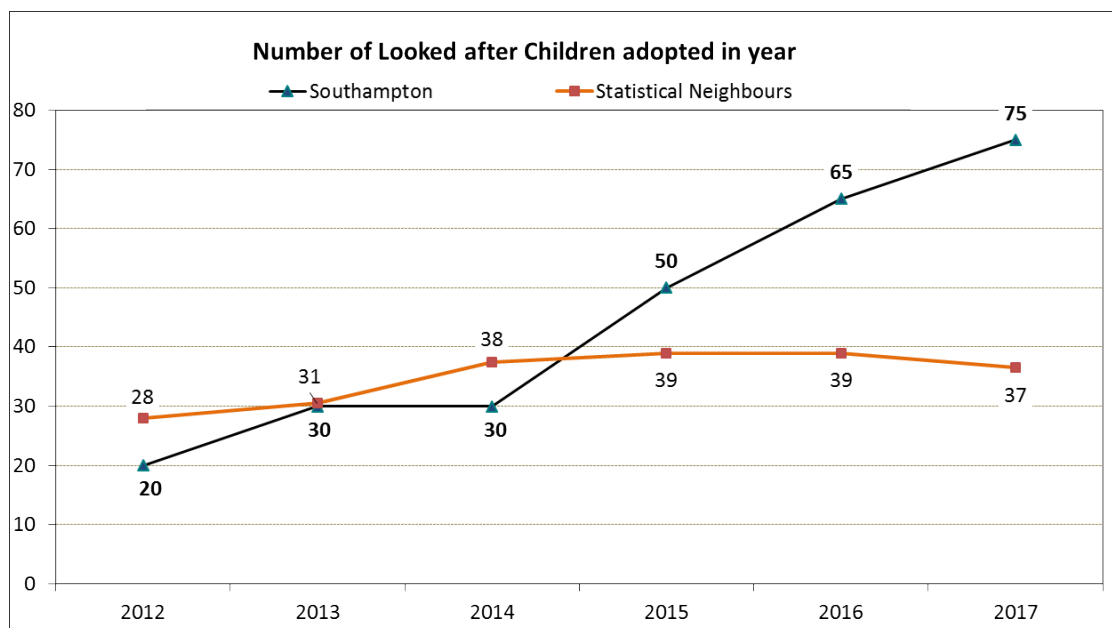
The latest published data from 2016-17 shows that in England overall, 74.7% of looked after children were white, with other ethnic background groups each representing under 10% of the total.

11.

**Achieving Permanence**

As at 31<sup>st</sup> of March 2018, our internally reported data shows that during the year, we placed 54 children with adoptive families. That is a reduction from the previous year, but still above the latest statistical neighbour average.

The latest published annual numbers of adoptions for Southampton are shown below, with statistical neighbours' average performance included for comparison. 2017-18 data will be published later on in the year.

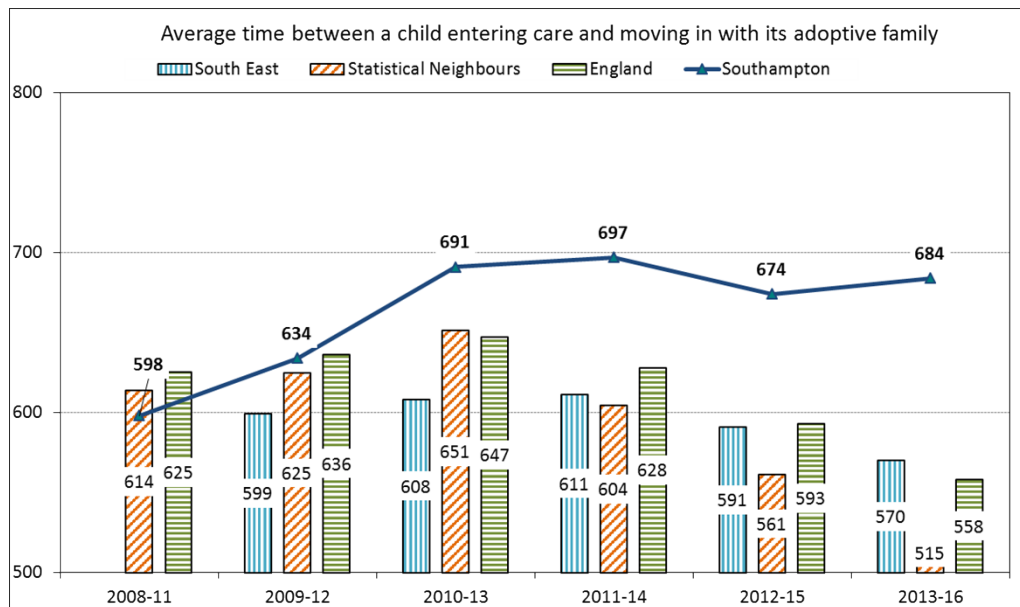


12.

Our internal data shows that as at the end of March 2018, the average number of days between entering care and moving in with their adoptive family for a child was 442 days. The length of time does tend to fluctuate due to each child's individual circumstances, and a complex case can increase the average significantly in some instances.

The graph below shows Southampton's performance compared to its statistical neighbours, England and the South East in three year time periods. It demonstrates that although Southampton's performance is good in terms of numbers of children adopted, the local authority has not been able to reach similar levels as its comparator areas when it comes to timeliness.

This said, a regular adoption tracking meeting is in place and this supports continued driving of care plans to ensure that family finding is prioritised for these children and drift is kept to a minimum.



13

Plans for returning children home when it is safe, and arranging for children to leave care, are considered as part of usual business and a full analysis of our looked after cohort took place in 2015-16.

In 2017-18, the rate of children ceasing to be looked after, per 10,000 0-17 year olds was 40. The rate has remained fairly similar over the last three years – approximately 45 in 2016-17 and 43 in 2015-16.

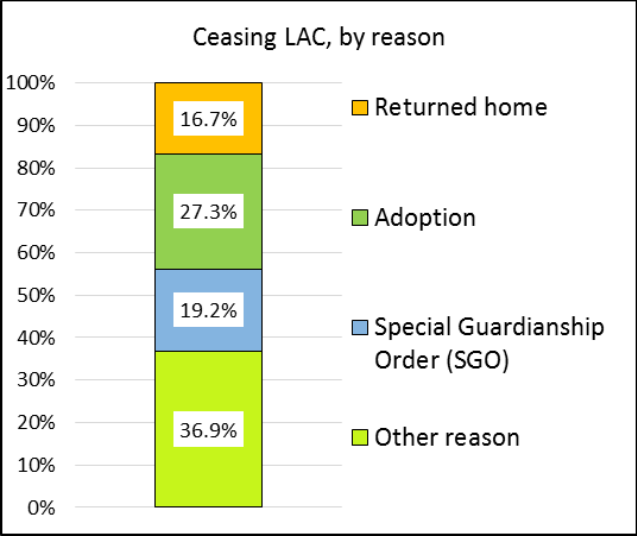
The rate of new looked after children per 10,000 0-17 year olds was 36 in 2017-18, 34 in 2016-17 and 44 in 2015-16.

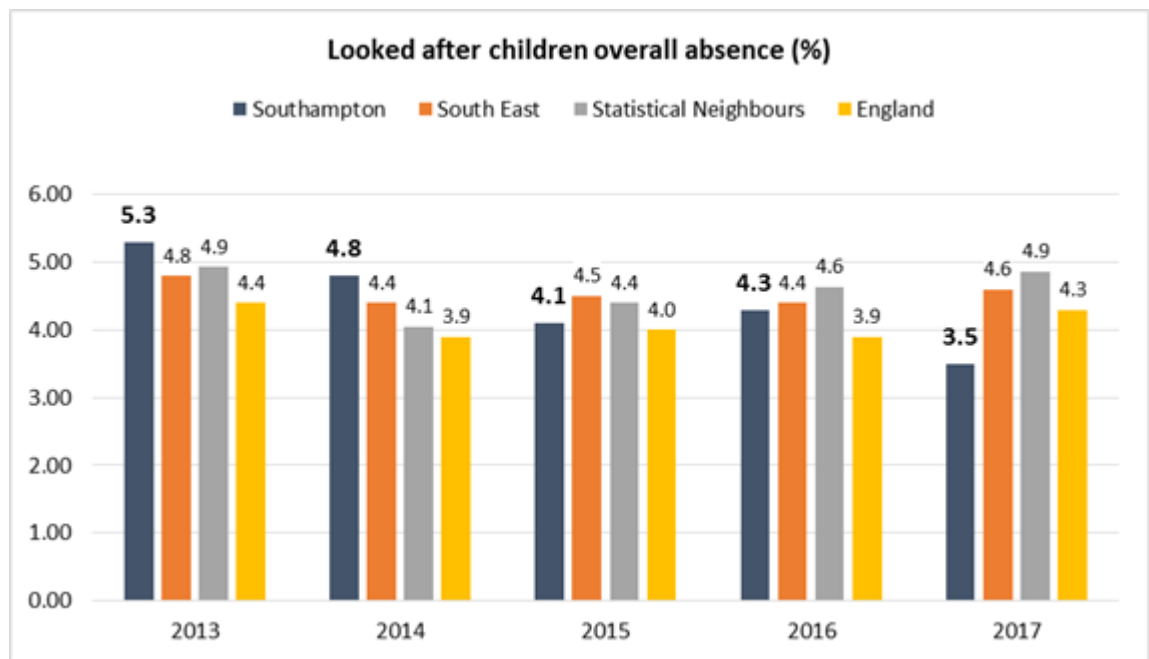
14.

There are a number of initiatives in place to support children to remain with families wherever possible, including reunification programmes, edge of care interventions and a review of all our children's permanency arrangements. Their care plans are routinely reviewed by an independent reviewing officer, and they can and do

	<p>highlight areas of drift in rehabilitation plans, or potential rehabilitation possibilities on the rare occasion that this would not be in scope already.</p> <p>Of significance, a high proportion of our looked after children are subject to either an interim or full Court Order. This means a Court has agreed with the local authority that a child has met the Section 31 (Children Act 1989) threshold of 'significant harm'. To return them to their family therefore requires the Court to agree it is the correct course of action and it is safe. These plans are also scrutinised and ratified by Court advisors. Alternative permanent options such as special guardianship, adoption and child arrangement orders are therefore the only way forward in many cases.</p> <p>There is also new tracking processes within pre-proceedings work within children's services, with cases that are within PLO but which are not yet subject to care proceedings driven and scrutinised by a regular return to the legal gateway panel. This challenges any drift in planning and interventions, commissions appropriate assessments if required, and enables families a chance to turn things around at the highest level of risk management. This also allows decisions to be made to issue care proceedings when required should the risk increase, (or not decrease) and but also allows cases to step out of this high level of intervention in a planned way. It is important to note that the circumstances for these children are already viewed to be at the threshold where care proceedings, and work is continuing to manage this level of risk, and to prevent their entry to care, even at this stage.</p>
15.	<p><b><u>Children ceasing to be looked after</u></b></p> <p>Of the 198 children who left care in 2017-18, 33 (16.7%) returned home*, 38 (19.2%) became subject to a Special Guardianship Order (SGO)** and 54 (27.3%) were adopted***.</p> <p><i>* 28 planned and 5 unplanned.</i>  <i>** Of which 24 with their former Foster Carer.</i>  <i>*** 10 Adopted (unopposed) and 44 Adopted, consent dispensed with.</i></p> <p>In 2016-17, the figures were as follows: 35 (21%) returned home, 35 (21%) became subject to SGOs and 77 (46.1%) were adopted.  In 2015-16, of the children who ceased to be looked after, 27.5% returned home, 15.2% were granted an SGO and 30.4% were adopted.</p>
16.	<p>The graph below shows the proportions of children who returned home, were adopted or where an SGO was granted. 'Other reason,' includes any other ceasing looked after episodes, including attaining the age of majority.</p>



	 <p>Progress continues to be made in this area but it continues to be a challenge balanced against the complexities and number looked after.</p>	
17.	<p><b>Education of Looked after Children</b></p> <p>There is a specific report available to this meeting from the Interim Virtual Head Teacher. The City are currently recruiting for a substantive member to this role.</p> <p>Attainment is improving for our Looked After Children, however there is significant work to go. Moving forward the Virtual School will be asked to form part of a children in care panel which will aims to drive care planning for children in all areas.</p>	
18.	<p><b><u>Attendance and absence</u></b></p> <p>Pupil attendance is monitored and regularly followed up. A recent review by the Principal Education Welfare Officer judged the work of the virtual school on attendance to be at least good and taking all the appropriate action to support and maintain good attendance.</p> <p>The graph below shows Southampton’s percentage of overall absence for looked after children, compared to statistical neighbour average, England and the South East. The statistics show absence from school of children who have been looked after continuously for at least 12 months as at 31st March, for percentage of sessions lost due to both authorised and unauthorised absence.</p>	



At the end of March 2016, 10.8% of Southampton looked after children were classified as persistent absentees, a proportion higher than England average (9.1%), but lower than that of statistical neighbours (11.2%).

Our internal statistics source data from two different sources and can therefore give more insight into attendance – but due to differences in methodology, cannot be used to compare with publically available benchmarking data. The following statistics are collected from our internally collected education data for looked after children.

As at the end of Autumn term 2017-18, of the 486 students who were looked after children at the time, 27 (5.6%) were persistent absentees, with 20 of those students attending secondary school.

Of those pupils who had been in care for a year or longer (total 254 students), 22 (8.7%) were classified as persistent absentees, with 16 of them at secondary school.

We are now reducing our percentage of persistent absentees across the LAC cohort.

19.

Personal Education Plans are written three times a year and are produced collaboratively between social workers, schools, foster carers and the virtual school. The completion rate of Personal Education Plans at the end of the academic year 2015/2016 was 80%. This September Term we achieved 96.5 Pep completion within timescale.

This increase in PEPs being timely and a reduction in absenteeism across the LAC cohort, shows the impact of the increased quality drive by both the virtual school and the Looked after Children Service.

	It is of note that one of the “Bright Spots,” raised by our LAC population in the 2017-2018 survey was the interest that is shown by their carers, in their education, which was higher than the national average for the whole (non-LAC) population.																																																					
20.	The service is also piloting the use of some pupil premium monies being reserved for the support of specific hobby/activity based options for some Looked after Children with a view to supporting the development of the “whole person,” rather than simply academic attainment. This will be to support young people who may excel in other areas of their lives, other than academia.																																																					
21.	The educational outcomes data shown in the sections below is for the year 2016-17. The numbers represent the percentages of pupils reaching the national baseline and above and offer a comparison against the outcomes for all pupils nationally and against the outcomes for all children looked after nationally.																																																					
22.	<p><b>Key Stage 1</b> (Year 2, Age 7) 35 pupils (all), 20 pupils (CLA 12months+), 15 pupils (CLA &lt;12months)</p> <table border="1"> <thead> <tr> <th>Subject</th> <th>All pupils nationally</th> <th>CLA nationally (12 months+)</th> <th>All CLA Southampton</th> <th>Southampton 12months + CLA</th> <th>Southampton Less than 12 months CLA</th> </tr> </thead> <tbody> <tr> <td>Reading</td> <td>75.5%</td> <td>51%</td> <td>40.0%</td> <td>40.0%</td> <td>40.0%</td> </tr> <tr> <td>Writing</td> <td>68.2%</td> <td>39%</td> <td>37.1%</td> <td>40.0%</td> <td>33.3%</td> </tr> <tr> <td>Maths</td> <td>75.1%</td> <td>46%</td> <td>37.1%</td> <td>35.0%</td> <td>40.0%</td> </tr> </tbody> </table> <p>The outcomes for this age group are broadly in line or below the outcomes for looked after children nationally.</p>						Subject	All pupils nationally	CLA nationally (12 months+)	All CLA Southampton	Southampton 12months + CLA	Southampton Less than 12 months CLA	Reading	75.5%	51%	40.0%	40.0%	40.0%	Writing	68.2%	39%	37.1%	40.0%	33.3%	Maths	75.1%	46%	37.1%	35.0%	40.0%																								
Subject	All pupils nationally	CLA nationally (12 months+)	All CLA Southampton	Southampton 12months + CLA	Southampton Less than 12 months CLA																																																	
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25.	Looked After Children and young people share the same health issues and problems as their peers but often to a greater degree. They often enter care less “healthy” than their peers, in part due to the impact of poverty, abuse, neglect and inadequate parenting. They are more likely than the general population to have been exposed to harm in utero - e.g. drug and alcohol misuse. This can have a lifelong impact on the child affected.																																										
26.	Most children become looked after as a result of abuse and neglect. Although they have many of the same health issues as their peers, the extent of these is often greater because of their past experiences. Almost half of children in care have a recognised mental health disorder and two-thirds have special educational needs. Delays in identifying and meeting their emotional well-being and mental health needs can have far reaching effects on all aspects of their lives, including their chances of reaching their potential and leading happy and healthy lives as adults (Promoting the health and well-being of looked after Children DE, DH 2015).																																										
27.	<p>The NHS has a major role in ensuring the timely and effective delivery of health services to looked-after children. The Mandate to NHS England, Statutory Guidance on Joint Strategic Needs Assessments, Joint Health and Wellbeing Strategies and The NHS Constitution for England make clear the responsibilities of CCGs and NHS England to looked-after children (and care leavers). In fulfilling those responsibilities the NHS contributes to meeting the health needs of looked-after children in three ways:</p> <ul style="list-style-type: none"> <li>• Commissioning effective services</li> </ul>																																										

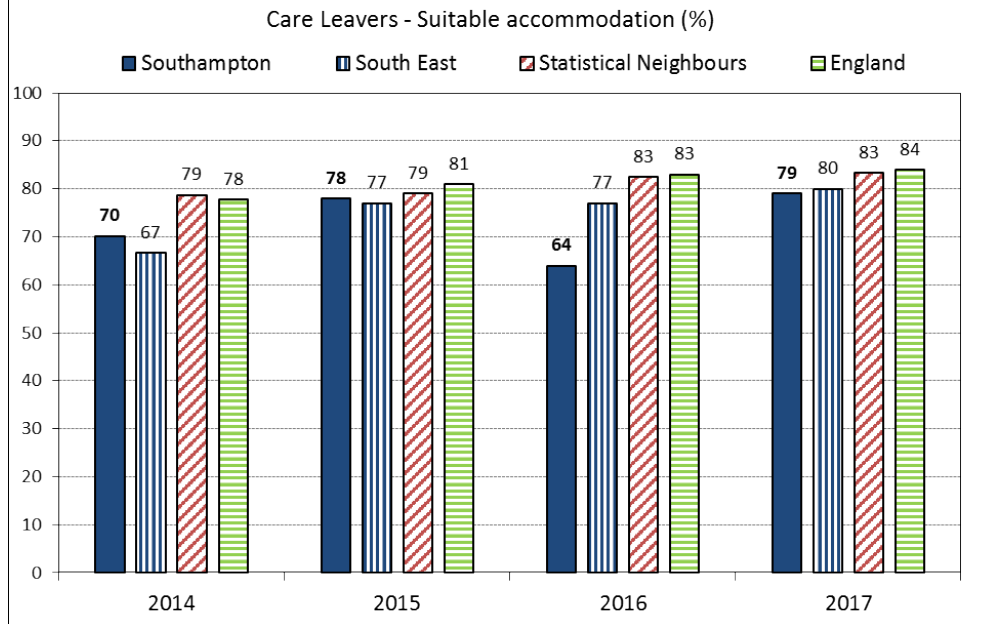
	<ul style="list-style-type: none"> <li>• Delivering these services through provider organisations</li> <li>• Delivering these services through individual practitioners providing coordinated care for each child.</li> </ul>
28.	Under the Children Act 2004, health professionals have a legal responsibility to promote the health and wellbeing of all children who they are responsible for, this is particularly pertinent with regard to vulnerable cohorts such as LAC. 'Promoting the Health and Wellbeing of Looked After Children' (DE DH 2015) sets out a framework for the delivery of care from health and social services to ensure their effectiveness to support and deliver care to LAC.
29.	NHS Southampton CCG employs a Head of Safeguarding who holds the role of Designated Nurse for LAC. This is a strategic role which provides oversight and guidance to the commissioned health services as well as assisting with service planning. The post of Designated Doctor for LAC (4hrs/week), a non-clinical, strategic role is currently vacant following the departure of the current post holder in June 2017. There have been a number of recruitment initiatives to fill the post however it remains vacant.
30.	NHS Southampton City CCG as the responsible commissioner for Southampton Looked After Children provides scrutiny of the LAC services through monthly reporting and quarterly oversight and scrutiny. The Designated Nurse also meets 6 weekly with the Named professionals to provide support and supervision as well as professional challenge.
31.	<p>In June 2017, the Designated Nurse for LAC undertook a service review of the Solent LAC health team. This included a workforce demand and capacity review. The final report highlighted a slight deficit in the capacity of the medical hours however this has been addressed by Solent. There has been an increase in staffing within the LAC and paediatrician service, and this enables an increased flexibility to respond to the peaks when large numbers of children enter care.</p> <p>During 2017/18 the team has continued to expand, increasing clinical capacity in line with the service review. At the end of this financial year the workforce consists of:</p> <ul style="list-style-type: none"> <li>• 4 admin posts, plus a joint post with Southampton City Council</li> <li>• 1 Named LAC Doctor /medical advisor for Fostering and Adoption</li> <li>• 1 sessional Dr Medical advisor for adult health forms (fostering)</li> <li>• 4 sessional LAC Drs (undertake clinical health assessment)</li> <li>• Named Nurse post is vacant</li> <li>• Designated Doctor post is vacant</li> <li>• 1 B6 Specialist LAC Nurse</li> <li>• 1 B5 LAC Nurse</li> <li>• 2 B6 Community Paediatric Medical Service nurses shared across LAC, Child Protection &amp; Neuro-Disability teams</li> <li>• 2 B3 Clinic Support Worker with 1 vacant post</li> </ul>
32.	Over recent years, the issue of non-attendance for health assessments has been a challenge and was regularly reflected in monthly performance data. In July 2017, the team undertook a piece of work to review trends associated with non-attendance in order to understand whether there was any learning which could be introduced locally to improve performance. This quality improvement work focused

	<p>upon the high rate of children aged 11 -15 years that were not brought (WNB) to initial and review health assessments. The baseline data indicated that this group was the highest for non-attendance at 35% closely followed by 6-10year olds at 34%.</p> <p>The work included consultation with foster carers and young people across the age range and identified a variety of changes which if implemented, could reduce the volume of WNB. The team also identified ideas and as a result of this and other feedback, implemented the following changes:</p> <ul style="list-style-type: none"> <li>• Checklist designed to confirm personal details of each attendee at clinic</li> <li>• Role of new Clinic support worker to collect this data on client arrival at clinic</li> <li>• Information sharing at Health &amp; Social Care Partnership meetings</li> <li>• Communication tools e.g. Newsletters, posters, personal invites for young people, use of social media</li> <li>• Consultation on clinic venues and running after school clinics</li> <li>• Afternoon appointments at No Limits for 11-15 year olds</li> <li>• Personalised invite for young people aged 11-15 years</li> <li>• Various new processes related to appointment reminders and booking</li> </ul> <p>A review of the performance data for WNB was undertaken once all of the steps had been implemented and the team have seen a reduction of over 10% in the volume of WNB.</p>
33.	<p>Whilst locally, the numbers of LAC fluctuate they have continued to reduce slightly over the past 12 months with the majority living in the Southampton area or within a 20 mile radius. As a result, the Solent LAC health service can be accessed to provide the quality health review and initial health assessments. However, performance data was used to highlight the challenges of children placed out of area that require a health assessment from another health provider. NHS Southampton CCG retains responsibility for this cohort of children and agrees and funds the out of area health assessments as part of the responsible commissioner guidance Who Pays? Determining responsibility for payments to providers (DH 2013).</p> <p>The Solent LAC team undertook a review of the placements for OOA children. The exercise enabled identification of placements nationally and an understanding of where Southampton had significant number of LAC. One key area identified with large numbers of LAC was Kent and Medway and possibly due to the volume of LAC placed nationally within those areas, the team noted lengthy delays for their health assessments. The LAC team liaised directly with the OOA health services to request assessments for Southampton children. This action has seen positive results and some of the outstanding health assessments for the OOA children have been completed.</p> <p>Ensuring that all LAC placed out of area receive quality and timely health assessments and have access to health services remains a challenge. Further work is underway within the team to review all those OOA children with an outstanding health assessment to gain oversight of their health and wellbeing needs and look at possible solutions to address the lack of health assessment. Options proposed by the team are: virtual assessment (if appropriate); other health professional already reviewing child; request a visit to Southampton clinic supported by visiting SW.</p>

	<p>The Quality standard created by the Designated Doctor is used by the team to ensure the quality of OOA health assessments and challenge reviews which do not meet the set standards.</p> <p>Unfortunately there is a national issue regarding the timeliness of OOA health assessments. This is a key work stream for NHS England and the Looked After Children Network.</p>
34.	<p>The LAC health assessment provides a holistic appraisal of the child / young person and includes sexual health. Sexual health promotion is offered within the assessment by the specialist nurses and also from the clinical support workers who have also received additional training. The young people can access urgent referrals to Solent Sexual health service and benefit from sexual health promotional resources. Further work is underway with the sexual health team which will enable young people to receive any sexual health support including contraception at the same time as the LAC health assessment.</p> <p>The team have received enhanced training related to child sexual exploitation and will undertake a risk assessment based upon Barnardos Spotting The Signs. The team has been fundamental in identifying risks and will discuss concerns with the young person before referring to sexual health outreach and liaising with the social worker to ensure that the risk is minimised or removed.</p>
35.	<p>The LAC health team provides clinics at the Royal South Hants Hospital in Southampton which has a dedicated waiting room and easy parking. These were both identified by carers and LAC as important elements of the health assessment. The clinical area is also accessible to other Solent led services such as sexual health and specialist dental services.</p> <p>The team continues to provide a monthly drop in for social workers at the Pathways office and continue to be flexible with their appointment venues and timings including home visits.</p>
36.	<p>Solent health team take a lead on the Strengths and Difficulties process incorporating information from education and sharing scoring with the local authority. All children and young people who meet the threshold are referred to BRS. A specialist nurse from the team supports the BRS panel and will ensure that cases referred by the SDQ process and health are supported by BRS or CAMHS if more appropriate.</p> <p>A further piece of work will be undertaken this year to develop a standard operating procedure for SDQs with an audit to support the referral process.</p>
37.	<p>As a result of the increased focus upon care leavers, the Specialist nurses have enhanced the existing care leaver's health care plan and developed a broader pathway for care leavers. This also includes a decliner pathway should the carer leaver or young person, not access their appointment. The new pathway ensures that those children and young people leaving care have full access to their health history and knowledge of how to access it in the future. Additional supporting health promotion information and guidance is discussed and explained to support the young person post care. The pathway reinforces the requirement that all outstanding health actions are liaised to the individual's GP.</p>
39.	<p><b><u>Care Leavers - Emotional Health</u></b></p> <p>Finding a means to enhance the emotional/mental health offer to Care Leavers across the City remains a priority for Children's Social Care. This is key to supporting our young people as they prepare to leave our care or do our care, and it is perhaps unsurprising that fragile emotional or mental health issues, rooted in</p>

	<p>previous life experiences continue to play a significant role in the lives of many of this vulnerable group. After housing, unstable emotional and mental health and any associated behaviours, are one of the most impactful issues that affect Care Leavers ability to maintain relationships, education and work, and become successful parents. We are continuing to explore with colleagues in health and adult services how we can best increase our mental health offer to our young people.</p>
40.	<p><b><u>Care leavers</u></b></p> <p>There has been continued progress against some measures of performance for young people leaving care but further work is still required to improve and maintain a consistently good level of outcomes and opportunities.</p> <p>Due to high numbers of looked after children, demands on the service have increased, requiring further consideration in terms of resource.</p> <p>The percentage of care leavers who were still in contact with Social Services at the end of March 2018 was 97.1%, compared to 98.5% in the previous year, 90.1% in 2015-16 and 89.0% in 2014-15.</p> <p>Clearly, this is a positive increase and provides opportunities for practitioners to work with young people to address and deliver improved outcomes in relation to identified needs.</p>
41.	<p>Our live quarter 4 data shows that the percentage of care leavers in contact and in suitable accommodation remains strong. The activity of the Multi-Agency Panel which is chaired by the Homelessness Manager continues and there is a strong, consistent contribution from the supported housing providers. We have increased the capacity of our Personal Advisor team, and are working to produce an App in a national project to assist in pathway planning, which should provide us with very strong live data around this metric, on top of the DFE reporting window.</p> <p>When on the occasion that Bed and Breakfast accommodation is used for our young people, the Pathways Team complete a short risk assessment prior to agreement, in order to manage the period of unsuitable accommodation. The young person's needs will then be presented to the subsequent housing panel and this continues to work well.</p>
42.	<p>The latest internal figures for Southampton show that as at the end of March 2018, 86.8% of care leavers were in contact and in suitable accommodation. The total number of care leavers being supported by Southampton at 31st of March 2018 was 177.</p>
43.	<p>The graph below shows the data publicly available for percentages of care leavers in touch and in suitable accommodation in Southampton, compared to statistical neighbours, England and the South East.</p>





Outcomes in the area continue to improve significantly, with our current live data showing this at 86.8%.

44. Local Authority continues to be committed to the National Care Leavers Charter; with an allocation of £2,000 for all Care Leavers to support transition to independence. Furthermore, we are working on the development of our Care Leavers' Offer, which will be published (at the latest) by January 2019. This will provide a transparent guide to our young people about what they can expect their City and Corporate Parents to provide for them as they leave our care.

45. The City currently undertakes a pathway needs assessment at 15yrs and 9 months for each young person who will remain looked after and therefore become a care leaver. It is expected that all young people have a complete and robust pathway plan in place by the age of 16years and 3 months.

The Pathways Team are consistently showing that a very high percentage of pathway plans are completed. Further, over this year we have been working with a not for profit company on a national project to design a digital pathway planning tool with two other local authorities. In the "discovery phase," of this project, comment was made that our Pathway Plans were SMARTer in nature in comparison to others seen.

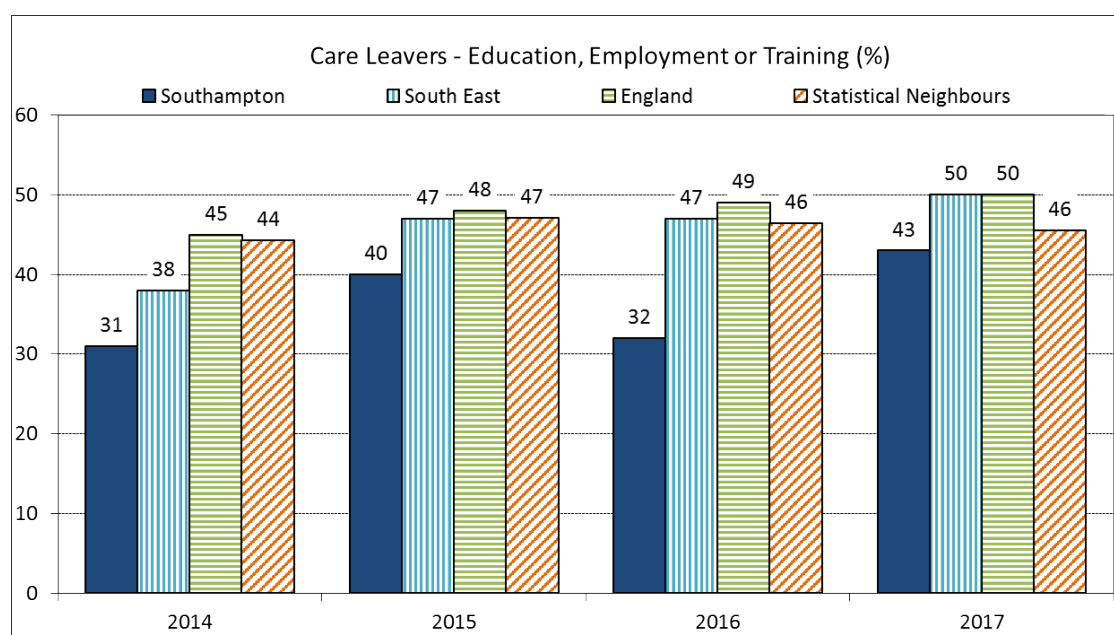
46. **Education, Training and Employment for care leavers**

According to latest published figures (2017), 43% of care leavers were in education, employment or training (EET) on their 19<sup>th</sup>, 20<sup>th</sup> and 21<sup>st</sup> birthday. That is a notable improvement from the end of financial year 2016, when only 32% of 19-21 care leavers were in education, employment or training. Southampton's care leavers in EET have fared less well compared to statistical neighbours (46%) and South East and England (both 50%). At the time of writing, data for 2017-18 has not been published.

When reflecting on progress in this area, it is worth considering where the service was in 2014, when this 18-21 cohort would have been 14/15/16, against the stronger and improving offer that our young people have now across their

care journey. This said, we continue to encourage, support and incentivise our young people to develop and reach for aspirations, and have regular tracking meetings with Personal Advisors where all young people who fall into the NEET other category are discussed, and planning around their individual needs, and any resourcing implications can be discussed.

There is a significant cohort of Care Leavers who are NEET due to “officially,” being too unwell to be available for work. The majority of this illness relates to their emotional/mental health. It is apparent that poor emotional health is a factor for many young people who are in the NEET “other,” category, and we need to work with partners in health and adult services to enhance our offer to this cohort, and subsequent cohorts going forward.



47.

Employment Training and Education remains a key priority improvement area, and a range of focussed activities are in place to secure better outcomes and performance. Over the last year we have:

- Improved tracking of personal education plans for year 10 and 11 looked after pupils transitioning towards independence.
- Monitoring and tracking of the cohort of young people not engaged in education, training and employment with partners within the council, educational provision and the third sector (including monitoring and reporting 16-17 year old Care Leavers to Corporate Parenting, which is over and above the statutory reporting requirement).
- Co-funded the placement of a dedicated member of the City Deal/Step Team within Pathways to work directly embedded within the team.
- Ensured that all “in house,” Southampton City Council Apprenticeships are advertised early for one week within the Pathways Team, prior to being advertised elsewhere.
- We have successfully included a careers fair in Care Leaver’s week.

	<ul style="list-style-type: none"> <li>• All Care Leavers who fall into the NEET other category are discussed at NEET tracking meetings approximately 8 weekly, on top of regular supervision. This offers oversight and advice from the whole management team, and any resourcing decisions can be made fluidly around incentivisation issues.</li> <li>• We have increased management capacity within the team through the introduction of a further Assistant Team Manager.</li> <li>• We have increased the size of the Personal Advisor cohort to ensure more targeted support to individual care leavers, (and also to adapt to any increased workload from new duties from the 2017 Act).</li> </ul> <p>Of note the careers service has been instrumental in supporting the offer for Care Leavers to remain in college, raise aspirations, become interview and work ready, and have been part of the journey to target and support young people who are not in education or employment into EET activity. They suggested the careers fair in Care Leavers' week and followed up all the young people who showed an interest, with some positive results. We are grateful for this partnership approach.</p> <p>It should be noted that funding and provision of services to support NEET young people fluctuates through external grant availability.</p>
48.	<p><b><u>Participation and engagement of children and young people</u></b></p> <p>The active participation of children and young people is a key priority for Children's Services and its partners. This year we have brought the participation service back into the Council, and appointed our own Participation Worker. She is developing the role of the Children in Care Councils and Care Leavers' Forum, and attempting to grow this. The Looked After Children Service Social Workers and Pathways' Personal Advisors promote participation within these forums. This is a slow process, but is developing and the participation worker attends a variety of foster carer functions, and Looked After Children functions to increase involvement.</p>
49.	<p>Children and Young People's views on their service permeate our service delivery plans with messages about what they have told us within the Bright Spot's Survey, and the discovery phase of our work with Social Finance Limited with Care Leavers.</p> <p><b>What Children and Young People in Care in Southampton have told us (Bright Spots Survey 2017)</b></p> <ul style="list-style-type: none"> <li>• Most children (93%) reported always feeling safe</li> <li>• High proportions reported that their lives were worthwhile and they were positive about their future</li> <li>• Larger proportions reported their carers were interested in their education, compared with peers in the general population</li> </ul> <p><b>What isn't so good about being in care?</b></p> <ul style="list-style-type: none"> <li>• Some children don't always understand why they are in care</li> <li>• Some children don't always feel included in decisions made</li> <li>• Some children don't feel they see their family enough</li> <li>• Sometimes social workers change too often</li> <li>• Some children want to do more activities</li> </ul>

	<ul style="list-style-type: none"> <li>• Some children are worried about their feelings or their behaviour</li> </ul> <p><b>What our care leavers have said</b></p> <ul style="list-style-type: none"> <li>• Relationships are really important to me – they need to be built, supported and nurtured</li> <li>• Focus more on my emotional and mental health</li> <li>• Let’s talk about my aspirations more</li> <li>• I want my Personal Adviser to appear available and approachable</li> <li>• Listen to my views and make sure my pathway plan reflects them</li> <li>• I want a goal orientated pathway plan with smaller achievable steps</li> <li>• A 6 monthly review of my pathway plan is too long – I only plan a few weeks in advance</li> </ul> <p>Our onward service planning incorporates these messages, in response to listening to what our children and young people have said, and ensuring that this is factored in to how we think about delivering their service over the next 3 years.</p>
50	<p>Bright Spots is a survey of the views of Looked After Children and Care Leavers, about the care that they receive by their respective Local Authorities. This is run by a national Charity Coram Voice and Bristol University and occurs annually. Southampton have been partnered with Bright Spots for the past 3 years for the Looked After Children’s Survey, and have participated this year in the Care Leavers Survey at its inception.</p> <p>The purpose of the survey is to provide Local Authorities with information about what is going very well for their Looked After Children (their Bright Spots) but to also enable action planning going forward to improve service provision by placing Children and Young People’s views at the heart of business planning. Last year’s Survey results already feature in the business plan for 2018-21. It also allows a the national group of LAs to share best practice and learn from each other in a series of forums held throughout the year.</p> <p>Last year Southampton’s response rate to the survey was low at 24% overall, against a national average of 30% response, however it provided us with good but limited data about the views of our Looked After Children and questions about how representative the 24% of responders would be.</p> <p>This year we have participated in the bright spots survey again and also participated in the new Bright Spots Survey for Care Leavers. We have developed a real ethos across the LAC and Pathways Service around the importance of participation, and wanted to have a step change in the levels of participation of our children and young people in this survey, so that we can build on the messages our children and young people give us, and increase their voice in service development. This year we achieved a phenomenal 84% response rate overall, with a 97% response rate within the aged 11-18 category. A smaller, and at present unnamed LA has achieved 85%, but it has been noted by the organisers that they have a much smaller cohort of LAC. To put this achievement into</p>

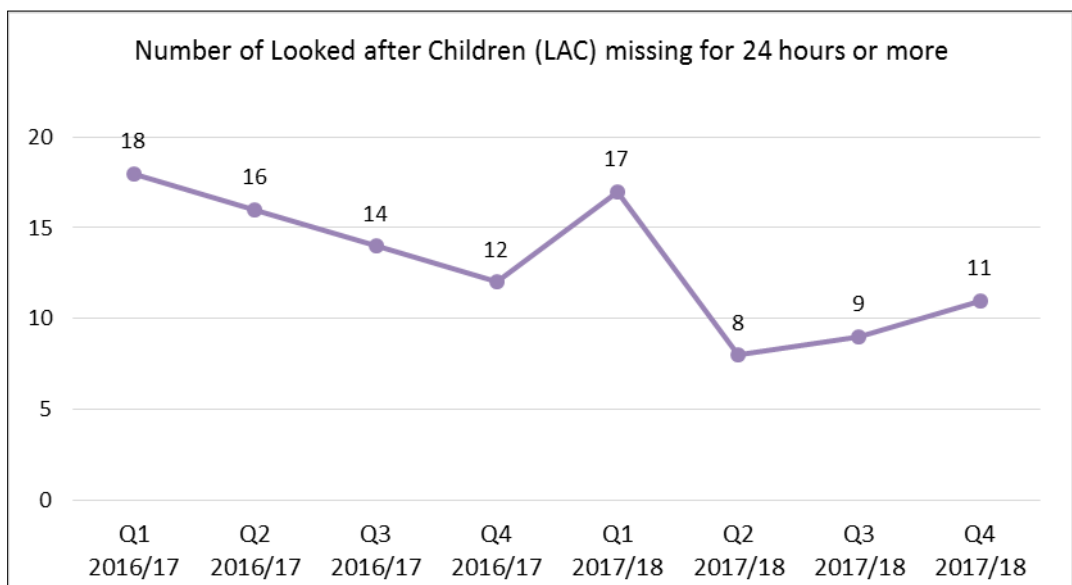
perspective the highest completion rate last year was 61% by the IOW, with a very low number of LAC in real terms.

Our care leavers have also responded very well at 51%, which will assist our planning around their needs, hopes and aspirations going forward.

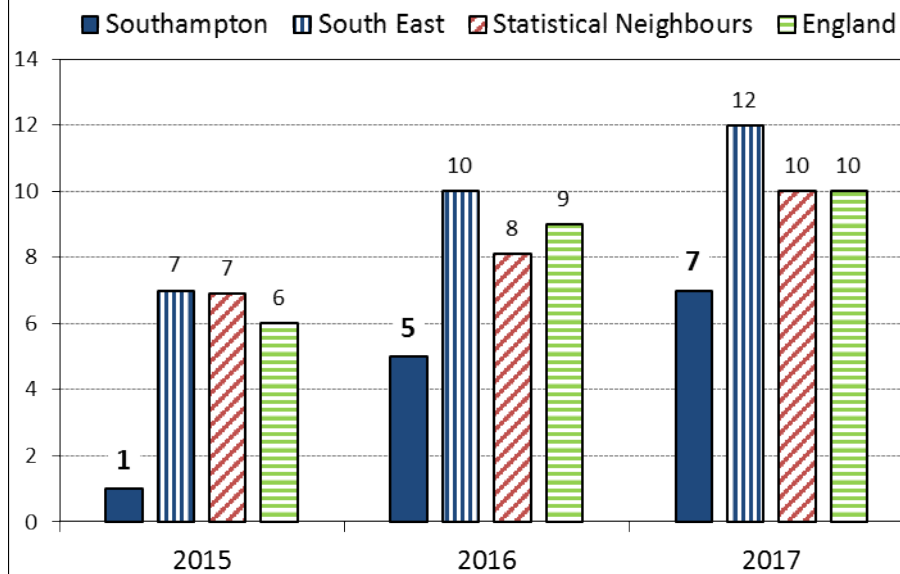
The change in the very real importance that we have placed on participation of our Looked After Children has received national recognition from the charity for LAC (Coram Voice). We await the outcome of our survey results with interest and will prepare for any positive, and indeed any hard hitting messages that may come from this. However, importantly whatever the results, we will listen to our children and young people, and determine how we can incorporate their thoughts, needs, wishes and feelings into our ongoing service development.

51. The Children in Care Council and Care Leavers Forum will be discussing how best to contribute to Corporate Parenting Committee going forward. They are considering piloting the making a short video to play at the start of corporate parenting meetings.

52. **Children Missing from Care**  
 Southampton's internal data shows that over the financial year 2017-18, on average, 11 children had missing episodes per each quarter of the year. In total over the year, there were 45 missing episodes recorded for children in care. Note that these statistics only include episodes where the child was missing for 24 hours or longer, and where the child's whereabouts were not known. The graph below shows the internally recorded missing episodes per quarter over the last two year period.



The graph below shows the percentage of looked after children missing from care for Southampton, compared to Statistical Neighbour and England averages. Southampton had a somewhat lower percentage of looked after children going missing during the past three years. Figures for 2018 are not yet available.



53.

### **Children Missing From Care**

The MET Hub co-ordinate the work children who are missing from care, across the city and within the Looked After Children and Pathway's Team, staff and managers look for patterns in relation to any missing episodes and bring this into day to day work with the child or young person's planning. Where concerns are prolonged or perceived risks are heightened, strategy meetings are co-ordinated, and where appropriate the MET Hub will attend both to advise, but also to share any relevant intelligence.

Where young people are placed away from Southampton and there is persistent and concerning missing activity, we do commission pieces of additional work around CSE/County Lines etc from other organisations, to offer a more intensive response to the young person, which their allocated worker may not be able to achieve at a distance.

Where missing episodes become extreme, and our young people are in positions where the risk to them is particularly heightened, this has attracted an individualised and child focussed letter from the Service Manager to the child or young person explaining how worried we are about them and why, our duty to keep them safe, and asking them to help us do this, in a bid to re-engage them with us to change the areas of concern. The letter also making it clear that where necessary we will reluctantly ask the Director and the Court to use powers to place him or her within the secure estate on welfare grounds, whilst they engage in activity to reduce onward risk through programme of advice and education. Obviously the use of any secure accommodation has to be proportionate, as it involves the deprivation of the liberty of one of our young people, and is not an action that we take lightly. We had to appropriately use this action on two occasions to protect our young people within 2017-18.

54.

### **Staffing in the Service**

This year has been a positive year within the Looked After Children and Pathways service in terms of stability in the Social Work and Personal Advisor staff group,

	<p>and Management Teams with substantive team members, and adding to the PA and Management Team within Pathways.</p> <p>It has been a focus for the service to create an environment where staff feel supported in the work that they undertake with this vulnerable cohort of children and young people, in order that the turnover of staff reduced and that therefore children who are looked after in the longer term are able to form lasting and enduring relationships with their Social Workers. It was a message from Bright Spots that children and young people who are in our care wanted a reduction in the number of Social Workers that they see.</p> <p>We now have appointed fully to this part of the service's management team and both Looked After Children's Teams. We have only one agency worker within the Pathways Service at present. Positively staff leaving the service only appear to be doing due to career progression. This has enabled the team managers and Assistant Team Managers to create a greater ethos around participation, permanency planning and quality assurance in recent months, ameliorated by the addition of an advanced practitioner within LAC, and a further Assistant Team Manager within Pathways. We have been able to jointly develop ambitions but achievable Service Business Plans going forward for the Service, incorporating the views of children within our care and our care leavers, and are now in a position to start to deliver on these.</p>
55.	<p><b><u>Placements of Children and Young People</u></b></p> <p>Southampton made 193 placements with Southampton foster carers in 2017/8 which is reflective of our foster carers flexibility .There remains a very high number of children placed in independent provision outside the city in both residential and with independent fostering providers In 2017/18 the focus is on recruiting increasing numbers of carers so that the number of new placements with independent provider reduces. In 2018/19 we will also explore options to bring children and young people who need it closer to home where they can access appropriate provision, local services and support networks. This will include initiatives to expand our service to meet the needs of our LAC cohort and increased focussed recruitment activity for in house carers.</p>
55.	<p><b><u>The Recruitment of Foster Carers</u></b></p> <p>The Fostering Team fell short of its recruitment target in 2017/18 with 16 new fostering households recruited. However, a refocused recruitment campaign late in 2017 has seen increasing numbers of those in assessment – currently there are 10 fostering households at stage 2 of assessment and 9 at stage 1. During the year there were 298 enquiries and currently there are 19 households in assessment stage. The number of enquires has increased by over 25 percent and has been reflective of a reinvigoration of the recruitment strategy particularly in respect of our digital presence.</p>
57.	<p>In order to ensure a range of foster carers that can meet the needs of Southampton's Looked after Children, a range of marketing and recruitment activities have taken place during the year. These have included outreach work; advertising; press coverage; and digital measures i.e. online posts/websites/Facebook. There has been increased interest on social media and the internet;</p>

	<p>Fostering and adoption e-alert subscribers has increased from 35 to 604.</p> <p>Fostering and adoption Facebook page likes increased by 490 to 1,130.</p> <p>Average monthly hits on fostering web page have increased from 1,401 to 2,264, along with an increased average spend on the page from 6 seconds to 1 minute and 50 seconds.</p>
58.	<p><b><u>Connected Persons Assessments</u></b></p> <p>Between 1st April 2017 and 31st March 2018 the Friends and Family team had received 204 referrals in relation to assessing connected persons placements. They also completed 30 section 24 regulation temporary foster placements There were also completed 24 viability assessments. They completed 25 SGO reports. There were 5 full fostering assessments and 1 partial assessment.</p> <p>As of 31st March 2018 there were 55 (44 full and 11 temporary) approved connected persons' fostering households. These cared for 77 Looked after Children. The Friends and Family team are responsible for ensuring that these carers meet the fostering standards as set out in the National Minimum Standards. An area for service development in 2017/18 is for the supervising social workers in this team, to support their carers completing the Training Support and Development Standards (TSDs).</p>
59.	<p><b><u>Special Guardianship Orders</u></b></p> <p>The Friends and Family team also undertake Special Guardianship assessments for connected persons, other carers, court ordered assessments, and private arrangements. In 2017/18 there were 38 SGOs granted, 31 of which related to previously looked after children. There were also 59 additional court reports completed in respect of proceedings, and 3 therapeutic needs assessments This increase reflects the team's positive contribution to ensuring children achieve both psychological and legal permanence away from the care system.</p>
60.	<p><b><u>Summary of priorities for 2018/2019</u></b></p> <p>This report has summarised the progress made in a number of key areas as well as identifying where alternative approaches are being planned to enhance and improve our service delivery.</p>
61.	<p>The numbers of children in care at the end of March 2018 have reduced significantly, and they continue to gradually reduce, due to focussed interventions, SMART planning, and permanence opportunities.</p> <p>There is strong activity to turn around families in pre-proceedings and reduce the need to separate children from their families at the front end of the journey to permanence for children, with stronger tracking of pre-proceedings activity within a legal gateway forum. It is important to note that the children who are subject to this level of intervention have already met the Section 31 threshold (Children Act 1989) for a care application, and therefore work to turn around these families if both high risk management and true "edge of care" activity.</p> <p>Further initiatives and have been developed to strengthen available support to children and young people on the edge of care to remain in the care of their own families. There is a new edge of care service which has been formed and we are already starting to feel the impact of this service on the prevention of children entering care within pre-proceedings.</p>



62.	<p>In 2018/19 a high priority is to explore options to bring children and young people closer to home where they can access appropriate provision. There is currently project work being undertaken by an interim project lead to look at the viability of creating a local offer of residential provision locally. This viability study will continue into 2018/19.</p> <p>Our in house fostering service will continue to explore options to enhance our local sufficiency for young people needing placement of all ages, in a competitive market.</p>
63.	<p>We intend to enhance our permanency planning and matching processes for children who enter care and remain in our year. This will include the introduction of a children in care resources panel, which will add further scrutiny but also a greater degree of multi-disciplinary overview and drive to care planning. This aims to incorporate the virtual school, colleagues from BRS, and of course Social Care colleagues, to review plans for children and young people outside of the formal LAC review processes to drive planning for them until they are in a permanent placement matched to their needs. This panel will also be able to consider changes for children when rehabilitation home may be an option and consider what steps may be needed or what resource may be required when a significant change of care plan of this nature is planned and appropriate.</p> <p>We have identified through the Bright Spots Survey that we need to undertake more work with children entering care to ensure that they understand the reasons that this has happened. We will audit to ensure that there is a clear individual narrative for each child that develops with them as they do. This is a piece of work that both the Looked After Children's Team and the PACT Teams will need to work together on, along with the Independent Reviewing Service.</p> <p>We also intend to develop a greater means of using IRO, Service User, complaint and Audit feedback to develop actions planning across the entire service in key performance areas, to place a greater focus on the qualitative impact of service delivery on our Looked After Children and young people, rather than simply quantitative data. Work is already underway with the Quality Assurance Team to determine how best to achieve this.</p>
64.	<p>We need to improve our educational outcomes. The virtual school are working hard to address outcomes for children in care, in particular the outcomes for KS4 which continue to present the greatest challenge. We need to maintain our high level of PEP activity on time, but ensure that outcomes set in these are realised, and that pupil premium monies are appropriately targeted to achieve this.</p>
65.	<p>One key area to develop around the health of our looked after children will be to improve activity in relation to SDQs. 60% of our children told us in the recent Bright Spots Survey that they were worried about their feelings or behaviour. We need to respond to this in terms of how we jointly assess, and meet the emotional health of children who are looked after. This will be part of the focus of the overall BRS review going forward.</p>
65.	<p>We have seen further improvements in our performance for care leavers, however the area of education training and employment remains a challenge and needs to be a key area of focus in coming months. As a whole council we are striving to improve our offer of opportunities to include work tasters and work experience opportunities as well as apprenticeships. We will continue to meet with our Personal Advisors to track their activity around the NEET cohort, and to offer advice and guidance as a member of the NEET team. We will also look to enhance our</p>

emotional health offer to young people moving forward, as many of the barriers to being “work ready,” stem from other aspects of their lives. Our development of enhanced permanency and care planning for our Looked After Children earlier in their permanency journey should support the Care Leavers of the future to be more work ready. However we will continue to support the current cohort to be aspirational at every opportunity, to enhance opportunities that are available to them.

We will continue to work with Social Finance Limited to create an App for Pathway Planning. We are one of 3 local authorities nationally to be involved in what will hopefully be a ground breaking project in how support to care leavers is developed. We are delighted that our Personal Advisors and more importantly some of our young people are part of something that may benefit care leavers across the country in the future.

We are in the process of developing our Corporate Parenting Offer for our Care Leavers and Looked After Children. This needs to be published by January 2019, however we will do our utmost to develop and publish this prior to this.

We are conscious of our new duties to Care Leavers aged 21-25 under the Children and Social Work Act 2017, and we will assimilate the support needs of this cohort into our work within Pathways over the following year on a needs led basis.

We also want to increase our participation offer for Care Leavers over the coming year. This would not only be in terms of the Care Leavers Forum, but in terms of some real co-production of any action plans that arise out of the Bright Spots Survey, Our Care Leavers Offer, and a mentoring scheme where care leavers who have successfully left care are able to reach back to support younger Care Leavers and Looked After children on their journey.

**RESOURCE IMPLICATIONS**

There are no new resource implications arising from this report

**Capital/Revenue**

66. None

**Property/Other**

67. None

**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

68. The Children Act 2004 places a duty on local authorities to take collective responsibility for good parenting of children in care and looked after.

**Other Legal Implications:**

69. The corporate parenting responsibilities must be carried out having regard to the Equalities Act 2010, the Human Rights Act 1998 and all other pervasive legislation.

**POLICY FRAMEWORK IMPLICATIONS**

70. The proposals set out in this report are wholly consistent with the Council’s Policy Framework.

<b>KEY DECISION?</b>	No	
<b>WARDS/COMMUNITIES AFFECTED:</b>	N/A	
<b><u>SUPPORTING DOCUMENTATION</u></b>		
<b>Appendices</b>		
1.	None	
<b>Documents In Members' Rooms</b>		
1.	None	
<b>Equality Impact Assessment</b>		
Do the implications/subject of the report require an Equality and Safety Im Assessments (ESIA) to be carried out?		No
<b>Privacy Impact Assessment</b>		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		No
<b>Other Background Documents</b>		
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None	

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<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	GENERAL FUND AND HOUSING REVENUE ACCOUNT REVENUE OUTTURN 2017/18		
<b>DATE OF DECISION:</b>	18 <sup>TH</sup> JULY 2018		
<b>REPORT OF:</b>	CABINET MEMBER FOR FINANCE		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	Sue Cuerden Jo Knight	<b>Tel:</b> 023 8083 4153 023 8083 2585
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## STATEMENT OF CONFIDENTIALITY

None

## BRIEF SUMMARY

The purpose of this report is to summarise the overall General Fund and Housing Revenue Account (HRA) revenue outturn position for 2017/18. It compares actual spending against the 2017/18 budget approved by Council in February 2017, updated in February 2018 and adjusted for approved changes made since that date.

The overall position on the General Fund was a balanced position. However portfolios had a net overspend of £3.32M against budget, primarily in Adult Social Care, and Transformation, more detail is included in paragraph 7 and Appendix 1.

The overall position on the HRA was a net overspend of £1.0M. This is in line with the budget approved by Council in February 2017. It should be noted that was met from a planned £1.0M surplus in 2016/17, added to the HRA balance, to meet the budgeted loss of income from rents in 2017/18.

The level of General Fund balance at 31 March 2018 is £11.3M, which is in line with the Medium Term Financial Strategy agreed at February Council.

At the year end, the Collection Fund has a surplus of £5.93M (SCC share £3.97M). This surplus will be taken into account when reviewing and setting the budget for 2019/20.

<b>RECOMMENDATIONS:</b>	
It is recommended that Council:	
i)	Notes the final General Fund outturn for 2017/18 detailed in paragraph 6 is a balanced position following the transfer to earmarked reserves and the revenue grants reserve.
ii)	Notes that the level of General Fund balances at 31 March 2018 was £11.3M.
iii)	Notes the performance of individual Portfolios in managing their budgets as set out in paragraph 6 and 7 of this report and notes the significant variances in Appendix 1.
iv)	Notes the accounts for the Collection Fund in 2017/18 as detailed in paragraphs 27 to 33 and in Appendix 3.
v)	To note the HRA revenue outturn for the financial year 2017/18, as set out in Appendices 4 and 5.
vi)	To note the performance of the Property Investment Fund (PIF) as detailed in paragraphs 20 to 23 and appendix 6.
<b>REASONS FOR REPORT RECOMMENDATIONS</b>	
1.	The reporting of the outturn for 2017/18 forms part of the approval of the statutory accounts.
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>	
2.	Reporting of outturn is undertaken in line with Local Government Accounting Practice. This is the only appropriate option.
<b>DETAIL (Including consultation carried out)</b>	
<b>GENERAL FUND BUDGET</b>	
3.	The original budget was approved by Council in February 2017 with the revised budget noted by Council in February 2018. Each portfolio within the General Fund is responsible for monitoring net controllable spend against the budget throughout the financial year.
4.	<p>Whilst there are a numbers of variances highlighted in this report (Appendix 1), many of these have already been reported to Cabinet as part of the financial monitoring process throughout the year. Service Directors are required to manage their budgets within allocated resources with no officer having the authority to overspend. Where potential problems have been identified, Service Directors have been subject to the intensive care process and have prepared and implemented action plans to try to bring spending back in line.</p> <p>In addition to the action plans, 'intensive care' meetings were held with Senior Officers to discuss key issues and actions with the services. The way forward for dealing with issues that arise in 2018/19 is still being developed by the Interim Chief Executive. However officers will need to be clear that there are no delegated authorities to overspend so will need to manage pressures arising within the overall service budgets.</p>

5. This report covers the outturn position for 2017/18 and analyses spending against the budget.

**OVERALL GENERAL FUND REVENUE POSITION**

6. The overall year end position is a balanced position. There has been a transfer a transfer to reserves from reserves of £1.43M. This transfer comprises an allocation to earmarked reserves of £4.07M which has been facilitated by a Minimum Revenue Provision holiday and has been identified for use against future pressures and a transfer to the revenue grants reserve of £0.97M as summarised in the table 1 below:

Table 1 – Outturn Position

	Budget 2017/18 £M	Portfolio Outturn 2017/18 £M	Outturn Variance 2017/18 £M	Carry Forwards
<b>Portfolios</b>				
Communities, Culture & Leisure	4.89	4.23	0.66 F	0.07
Education & Children's Social Care	43.19	43.08	0.12 F	0.03
Environment & Transport	21.12	21.17	0.05 A	0.08
Finance Portfolio	29.96	29.87	0.09 F	0.18
Health & Community Safety	(4.64)	(4.65)	0.01 F	
Housing & Adult Care	68.44	72.15	3.71 A	
Leader's Portfolio	12.48	11.97	0.51 F	0.16
Sustainable Living	0.12	0.12	0.00 A	
Transformation Projects	0.00	0.95	0.95 A	
<b>Sub-total for Portfolios</b>	<b>175.56</b>	<b>178.88</b>	<b>3.32 A</b>	<b>0.52</b>
Levies & Contributions	0.63	0.70	0.07 A	
Capital Asset Management	2.75	1.06	1.69 F	
Other Expenditure & Income	11.48	6.57	4.90 F	
Contribution to Capital	2.23	2.23	0.00	
Transfer to/from Reserves	(6.47)	(1.43)	5.04A	
<b>Net Revenue Expenditure</b>	<b>186.17</b>	<b>188.01</b>	<b>1.85 A</b>	
<b>Funded By:</b>				
Council Tax	(88.48)	(88.48)	0.00 F	
Non-Specific Government Grants & Other Funding	(41.94)	(43.20)	1.26 F	
Business Rates	(51.65)	(52.23)	0.58 F	
Council Tax Collection Fund (Surplus) / Deficit	(1.80)	(1.78)	0.02 A	
Business Rates Collection Fund (Surplus)/Deficit	(2.30)	(2.32)	0.02 F	
<b>Total Funding</b>	<b>(186.17)</b>	<b>(188.01)</b>	<b>1.85 F</b>	
<b>(SURPLUS)/DEFICIT</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	

7. The main variations are:  
Housing & Adult Care £3.71M Adverse

Older Persons & Physical Disability client packages have overspent by £2.65M with a further adverse variance on Learning Disability packages of ££0.56M. This is in part due to unachieved savings of £2.53M with the remaining £0.68M due to an increase in demand and complexity of client care in these areas. This pressure has been addressed as part of the approved budget for 2018/19 agreed by council in February 2018.

A further £3M of savings have been reviewed with updated savings targets and plans for 2018/19 which are based on reducing existing client numbers and the cost of care. Savings progress will be continued to be monitored very closely.

There was a delay in the closure of the Kentish Road respite centre, which was originally due to close in April 2017 with actual closure at the end of November 2017. This resulted in an adverse variance of £0.20. Additionally, increased temporary staff costs were incurred at Holcroft House and Glen Lee Residential homes as a result of staff vacancies, sickness and maternity leave. Permanent recruitment is currently underway which will reduce this pressure in 2018/19.

#### Leader's Portfolio £0.51M Favourable

The planned repairs and maintenance programme was reduced by £1M in year to off-set pressures associated with the non-charging of overheads to capital. The repairs and maintenance budget has historically been underspent and a programme of works was created for 2017/18 that enabled the property portfolio to be adequately maintained in year.

An additional £0.30M underspend was as a result of cost savings on completed projects or delays on programmed works that have slipped into 2018/19. There was also an additional underspend of £0.20M on reactive repairs as the level of anticipated repairs were not ultimately required in the winter months.

For 2018/19 the Property Service budget has been realigned following the Stage 3 Capital Assets restructure during 2017/18. The repairs and maintenance budget has been correspondingly reduced to reflect the assumed required programme of work to ensure the property portfolio is appropriately maintained in the future.

Registration of electors is £0.14M underspent due to election fees and grants received from DWP and other bodies.

Members allowances are £0.06M favourable since allowances are less than the 2017/18 uplift and not all members claim allowances for additional duties.

Legal Services has a favourable position of £0.16M due to additional fees from Section 106 income received from property developers.

£0.06M has been carried forward to fund a legal resource to meet increased demand to support property and procurement projects.



	<p>This has been offset in part by an adverse variance of £0.49M on HR Services due to the withdrawal from an external contract. A new permanent recruitment team has been established (previously this service was provided by an external company), however the cost of the new team will be significantly less than the contract price. Savings in Health and Safety staff and equipment slightly reduced the over spend.</p> <p><u>Transformation £0.95 Adverse</u></p> <p>In anticipation of an overachievement of procurement savings when setting the 2017/18 budget in February 2017, a target of £0.73M was included as over and above the guarantee. This was not achieved in 2017/18. Additionally, potential savings to be claimed against the procurement guarantee of £0.22M are reductions in potential overspends with no corresponding budget reduction to offset the saving.</p>
8.	Details of significant issues and variations in net controllable spending on Portfolios are given in Appendix 1.
9.	Appendix 1 also details any unachieved savings in 2017/18 and the actions that have been put in place to mitigate this in 2018/19 and future years.
	<b>NON-PORTFOLIO VARIANCES</b>
10.	<p><u>Capital Asset Management - £1.69M Favourable</u></p> <p>This is due to a review and release of treasury management budgets of £1.70M due to continued short term borrowing and slippage in the capital programme which has a reduced borrowing requirement.</p>
11.	<p><u>Other Expenditure &amp; Income - £4.90M Favourable</u></p> <p>This relates in the main to the release of the council's contingency funds £4.54M held to meet potential demand and inflationary pressures identified in year, which was being held to offset the overspends in the portfolio areas.</p>
12.	<p><u>Grants - £1.26M Favourable</u></p> <p>Additional grant was received for Staying Put duty where costs have already been provided for within the approved expenditure budgets; and when setting the budget for 2017/18 an assumption was made for expected reductions in grants that had not been notified at the point of budget setting. These reductions were not incurred.</p>
13.	<p><u>Business Rates - £0.58M Favourable</u></p> <p>The council received additional S31 Grants for new burdens and for transitional reliefs given by central government on Business Rates.</p>
	<b>SAVINGS IMPLEMENTATION 2017/18</b>
14.	Savings proposals of £19.67M were approved by Council in February 2017 as part of the overall budget package for 2017/18. Additionally at the end of 2016/17 there were unachieved savings, the ongoing impact of these savings, including the 2017/18 ramped up savings requirement, totals £4.26M giving a total of £23.93M savings to be achieved in 2017/18.
15.	The chart below shows the achievement of total savings implemented by Portfolio.

16.	<p style="text-align: center;"><b>Total Savings Achievement</b></p> <table border="1"> <caption>Data for Total Savings Achievement</caption> <thead> <tr> <th>Portfolio</th> <th>Budget (£M)</th> <th>Actual (£M)</th> </tr> </thead> <tbody> <tr> <td>Communities, Culture &amp; Leisure</td> <td>0.1</td> <td>0.1</td> </tr> <tr> <td>Education &amp; Children's Social Care</td> <td>2.5</td> <td>1.8</td> </tr> <tr> <td>Environment &amp; Transport</td> <td>2.5</td> <td>2.2</td> </tr> <tr> <td>Finance</td> <td>1.8</td> <td>1.2</td> </tr> <tr> <td>Housing &amp; Adult Care</td> <td>8.5</td> <td>5.5</td> </tr> <tr> <td>Health &amp; Community Safety</td> <td>0.2</td> <td>0.1</td> </tr> <tr> <td>Leaders</td> <td>7.2</td> <td>6.5</td> </tr> <tr> <td>Total</td> <td>24.0</td> <td>19.0</td> </tr> </tbody> </table>	Portfolio	Budget (£M)	Actual (£M)	Communities, Culture & Leisure	0.1	0.1	Education & Children's Social Care	2.5	1.8	Environment & Transport	2.5	2.2	Finance	1.8	1.2	Housing & Adult Care	8.5	5.5	Health & Community Safety	0.2	0.1	Leaders	7.2	6.5	Total	24.0	19.0
Portfolio	Budget (£M)	Actual (£M)																										
Communities, Culture & Leisure	0.1	0.1																										
Education & Children's Social Care	2.5	1.8																										
Environment & Transport	2.5	2.2																										
Finance	1.8	1.2																										
Housing & Adult Care	8.5	5.5																										
Health & Community Safety	0.2	0.1																										
Leaders	7.2	6.5																										
Total	24.0	19.0																										
17.	<p>The overall financial shortfall in the delivery of the savings was £4.84M (£4.10M 2017/18 and £0.73M prior years) or 20.02% of the total to be delivered. Further information is detailed in Appendix 1.</p>																											
18.	<p>It should be noted that non-achievement of transformation savings were addressed as part of setting the approved budget 2017/18 by Council in February 2017. However, a further pressure £0.95M was identified at year end as detailed in paragraph 7 and Appendix 1. Mitigations for this are detailed in a report elsewhere on the agenda.</p>																											
19.	<p>The implications for the budget for 2018/19 and future years has been addressed as part of reviewing and setting the budget for those years.</p>																											
<b>PROPERTY INVESTMENT FUND (PIF)</b>																												
20.	<p>As part of the scheme of delegation it was agreed the performance of the Property investment fund would be reported at outturn stage to Full Council. Appendix 6 gives the details of this fund.</p>																											
21.	<p>There has been no further purchases in year. The rate of return on investment in 2017/18 before borrowing costs and other on costs was 5.87%. Borrowing costs of 0.47% were incurred giving a net rate of return of 5.40%. All of the properties remain fully let and the tenants are meeting their financial obligations under the leases.</p>																											
22.	<p>Investment properties have to be revalued every year, at the year-end valuation at 31<sup>st</sup> March 2018, showed a drop in valuation of £1.70M. This drop in value has to be charged to revenue in year and is included in the outturn position.</p>																											
23.	<p>It should be noted that in 2017/18 the MHCLG revised its Investment Guidance (and its Minimum Revenue Provision (MRP) guidance) for local authorities in England linked to the significant increase in property investment by public sector organisations.</p> <p>When the council purchased the 3 assets it included in the authority's MRP policy, a decision that MRP would be applied on the depreciation method which allowed a 0% rate to be applied. This was seen as prudent as it was intended that any capital receipt from the future sale of the assets would be used to offset the borrowing taken to fund these assets.</p>																											

	<p>The proposed changes to the code will mean that the council will have to make additional provision to repay debt for any assets purchased as part of the PIF i.e. cannot apply a nil MRP.</p> <p>After 2018/19 a pressure of £0.75M has been included with a requirement for an action plan to manage this pressure ongoing to be presented to Capital Board. This may necessitate the disposal of these assets sooner than originally planned although this will generate capital receipts for further investment to meet the council's outcomes and priorities.</p>																					
	<b>CARRY FORWARDS AND OTHER NEW SPENDING</b>																					
24.	A number of service area funds have been carried forward these are detailed in Table 2 below. It is expected that this spend will be incurred in 2018/19.																					
25.	<p><u>Table 2 – Carry Forwards</u></p> <table border="1"> <thead> <tr> <th>Portfolio</th> <th>£M</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Communities, Culture &amp; Leisure</td> <td>0.07</td> <td>Development and Support of City Wide Events Activity.</td> </tr> <tr> <td>Education &amp; Children's Social Care</td> <td>0.03</td> <td>Support for the local social worker apprenticeship scheme; Childrens Services Accommodation Improvements.</td> </tr> <tr> <td>Environment &amp; Transport</td> <td>0.08</td> <td>Clearance of backlog of food hygiene inspections in 2018/19; Resources to support of the Local Plan review in 2018/19.</td> </tr> <tr> <td>Finance Portfolio</td> <td>0.18</td> <td>Funding for fixed term resource to meet council wide requirements of the Business Support Team and Customer, Payment and Debt Team.</td> </tr> <tr> <td>Leader's Portfolio</td> <td>0.16</td> <td>Additional resource to support the Economic Development Service; Funding for legal resource to meet increased demand to support property and procurement projects.</td> </tr> <tr> <td><b>Total Carry Forwards</b></td> <td><b>0.52</b></td> <td></td> </tr> </tbody> </table>	Portfolio	£M	Description	Communities, Culture & Leisure	0.07	Development and Support of City Wide Events Activity.	Education & Children's Social Care	0.03	Support for the local social worker apprenticeship scheme; Childrens Services Accommodation Improvements.	Environment & Transport	0.08	Clearance of backlog of food hygiene inspections in 2018/19; Resources to support of the Local Plan review in 2018/19.	Finance Portfolio	0.18	Funding for fixed term resource to meet council wide requirements of the Business Support Team and Customer, Payment and Debt Team.	Leader's Portfolio	0.16	Additional resource to support the Economic Development Service; Funding for legal resource to meet increased demand to support property and procurement projects.	<b>Total Carry Forwards</b>	<b>0.52</b>	
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26.	It should also be noted that a sum of £0.97M has been transferred to the revenue grants reserve which was set up for the carry forward of unconditional specific grants. It is anticipated that this spend will be incurred in 2018/19 and funded from this reserve.																					
	<b>COLLECTION FUND</b>																					
27.	The outturn for the Collection Fund is an overall surplus £5.93M. This is better than expected and will be carried forward into 2017/18. Table 3 shows how the surplus has been derived:																					

<u>Table 3 – Collection Fund Outturn 2017/18</u>		
	<b>Budget £M</b>	<b>Actual £M</b>
NDR Deficit for Year	4.74	2.64
Council Tax Deficit for Year	2.07	1.45
Total Deficit Collection Fund 2017/18	6.81	4.09
Collection Fund Surplus B/Fwd 2016/17	(10.02)	(10.02)
<b>Collection Fund Surplus to C/Fwd 2018/19</b>	<b>(3.21)</b>	<b>(5.93)</b>

28. The council tax element of the Collection Fund had a deficit for the year of £1.45M, against an expected deficit of £2.07M. This improved position resulted in the balance to be carried forward of £2.39M, rather than £1.77M.

29. When setting the Council Tax and budget for 2018/19 in February 2018, the expected surplus to be carried forward of £1.77M was taken into account. This leaves a further surplus of £0.62M that will be carried forward to 2018/19 to be shared between the council, the Police and Crime Commissioner, and Hampshire Fire & Rescue Authority in proportion to the precepts levied in this year. Southampton City Council's element will then be taken into account when setting the council tax and budget for 2019/20. The additional surplus in-year was due to a £0.9M lower contribution to the provision to bad debts offset by £0.3M lower income from tax payers than budgeted.

30. The NDR element of the Collection Fund had a deficit for the year of £2.64M against an expected deficit of £4.74M. This improved position has resulted in a balance to be carried forward of £3.54M rather than £1.44M. The £2.1M surplus is as a result of £7.2M being released from the appeals provision offset by £4.2M lower income from taxpayers and £0.9M higher payment to MHCLG for transitional relief than budgeted.

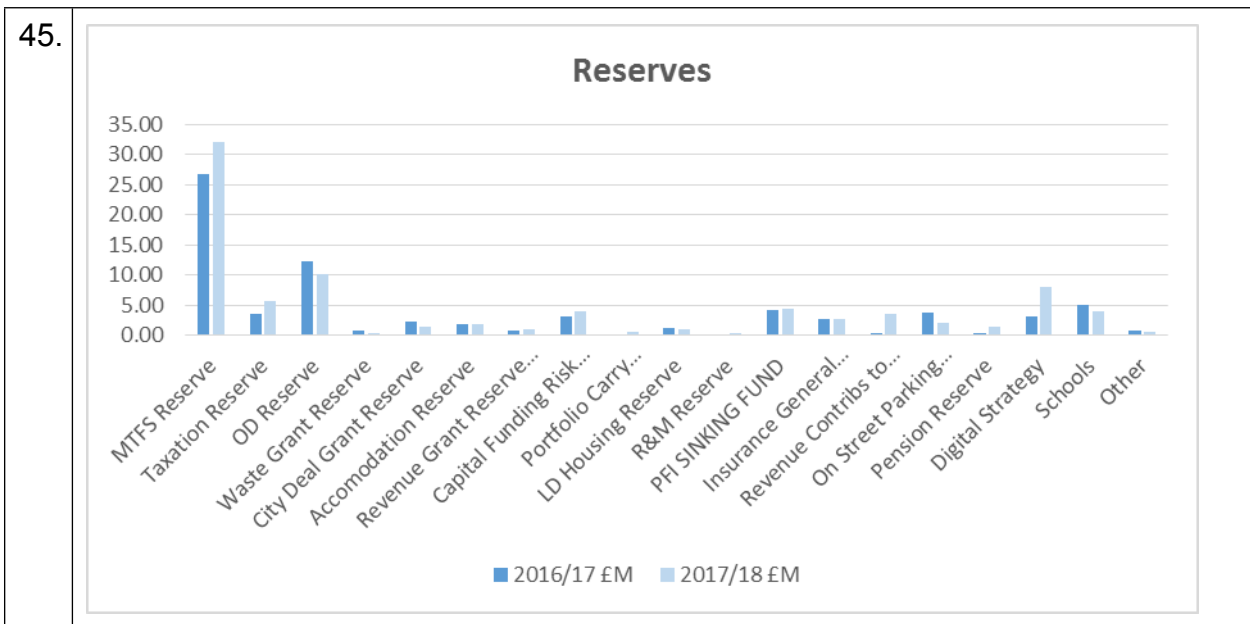
31. The collection fund surplus has reduced by £4.09M. This is due to the precept payments following the surplus declared for 2016/17.

32. When setting the Council Tax and budget for 2018/19 in February 2018, the expected NDR surplus to be carried forward of £1.44M (the Council's share of this surplus was £0.70M) was taken into account in setting the 2018/19 budget for the council. The additional surplus of £2.10M, will be carried forward to 2018/19, to be shared between Central Government (50%), Southampton (49%) and Hampshire Fire and Rescue Authority (1%).

33. The further detail regarding the Collection Fund Account 2016/17 is contained in Appendix 3. The updated position will be taken into account in updating the Medium Term Financial Strategy and future years budget setting.

<b>DEDICATED SCHOOLS GRANT AND SCHOOLS</b>													
34.	<p>The Dedicated Schools Grant is a ring-fenced grant and balances are carried forward each year. The position at year end is a deficit of £1.09M. As showed in Table 4 below. This is due to the pressure on High Needs provision as increasing numbers of children require support. This is further detailed in Appendix 1.</p> <p><u>Table 4 – DSG Position</u></p> <table border="1"> <thead> <tr> <th></th> <th>£'M</th> </tr> </thead> <tbody> <tr> <td>Carry forward from 2016/17</td> <td>(0.80)</td> </tr> <tr> <td>Net shortfall in year</td> <td>1.90</td> </tr> <tr> <td>Balance to carry forward</td> <td>1.09</td> </tr> </tbody> </table>		£'M	Carry forward from 2016/17	(0.80)	Net shortfall in year	1.90	Balance to carry forward	1.09				
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35.	<p>There are 10 schools reporting a deficit balance as at the 31<sup>st</sup> March 2018 as shown in table 5 below:</p> <p><u>Table 5 – Schools in Deficit</u></p> <table border="1"> <thead> <tr> <th></th> <th>Deficit £M</th> <th>No. of Schools</th> </tr> </thead> <tbody> <tr> <td>Primary</td> <td>1.05</td> <td>6</td> </tr> <tr> <td>Secondary</td> <td>1.65</td> <td>4</td> </tr> <tr> <td><b>Total</b></td> <td><b>2.70</b></td> <td><b>10</b></td> </tr> </tbody> </table>		Deficit £M	No. of Schools	Primary	1.05	6	Secondary	1.65	4	<b>Total</b>	<b>2.70</b>	<b>10</b>
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Primary	1.05	6											
Secondary	1.65	4											
<b>Total</b>	<b>2.70</b>	<b>10</b>											
36.	<p>As reported during the year as part of the Revenue Monitoring Report to cabinet, there is a forecast increase in the total cost of the PFI contract equating to £0.29M per year from 2017/18 to the end of the contract in 2031/32 to be met from the Dedicated Schools Grant (DSG). This will continue to be reviewed during 2018/19 with further discussions to agree how to mitigate any resultant pressure.</p>												
37.	<p><u>2018/19 Schools Education Operational Review</u></p> <p>At the March 2018 Schools Forum a comprehensive set of plans for the review of Southampton's Schools Education Services was presented for the improvement of processes around DSG settlements and service operations during 2018/19 and beyond.</p> <p>The review would look into the process of allocating DSG settlements and communicating options to the Schools Forum for agreement and approval.</p> <p>The review would also examine key areas including: Schools in Difficulty Funding, implementing charges for Academy conversions, new bandings for Special School Top Up funding, management and support for schools in deficit and approval of associated recovery plans.</p> <p>Specific processes and policies around the service would also be reviewed including School Admissions, Schools Effectiveness, Early years, SEND, Education Welfare services and the Educational Psychology Service.</p>												
<b>HOUSING REVENUE ACCOUNT (HRA)</b>													
38.	<p>The HRA budget for 2017/18 was set at £1.0M deficit which was the actual outturn</p>												

	position for the year. The HRA working balance at 31 March 2018 has decreased accordingly to £2.0M.																				
39.	The revised HRA working balance at 31 March 2018 of £2.0M meets the minimum requirement for the HRA of £2.0M (approved by Council in February 2012).																				
40.	Table 6 below shows the overall outturn variances compared to the 2017/18 budget:																				
	<p><b>Table 6 – HRA Outturn Position 2017/18</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><b>(Under)/ Over Spend £M</b></th> </tr> </thead> <tbody> <tr> <td>Additional costs due to delay in contract</td> <td style="text-align: right;">1.38</td> </tr> <tr> <td>Reduction in funding from Capital due to overheads not being recharged</td> <td style="text-align: right;">0.82</td> </tr> <tr> <td>Increase in Supervision &amp; Management</td> <td style="text-align: right;">0.21</td> </tr> <tr> <td>Reduction in Capital Financing Charges</td> <td style="text-align: right;">(0.64)</td> </tr> <tr> <td>Variation on day to day services</td> <td style="text-align: right;">1.77</td> </tr> <tr> <td>Reduction in Capital Funding from Direct Revenue Financing and Depreciation</td> <td style="text-align: right;">(0.74)</td> </tr> <tr> <td>Reduction in Capital Funding requirement linked to overheads not being recharged.</td> <td style="text-align: right;">(0.82)</td> </tr> <tr> <td>Total Income</td> <td style="text-align: right;">(0.21)</td> </tr> <tr> <td><b>Total Variation</b></td> <td style="text-align: right;"><b>0.00</b></td> </tr> </tbody> </table>		<b>(Under)/ Over Spend £M</b>	Additional costs due to delay in contract	1.38	Reduction in funding from Capital due to overheads not being recharged	0.82	Increase in Supervision & Management	0.21	Reduction in Capital Financing Charges	(0.64)	Variation on day to day services	1.77	Reduction in Capital Funding from Direct Revenue Financing and Depreciation	(0.74)	Reduction in Capital Funding requirement linked to overheads not being recharged.	(0.82)	Total Income	(0.21)	<b>Total Variation</b>	<b>0.00</b>
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41.	The outturn for day to day services was an adverse variance for the year of £2.2M. This variance has been offset by a reduction of 2.2M in the revenue allocated to fund the capital programme.																				
42.	After this adjustment, the HRA Revenue Summary, attached at Appendix 4, shows an increase in expenditure of £0.03 and an increase in income of £0.03. An explanation of the main variances can be found at Appendix 5.																				
	<b>MEDIUM TERM POSITION ON RESERVES AND BALANCES</b>																				
43.	The General Fund balance stands at £11.3M, which is the approved minimum level as per the February 2018 Medium Term Financial Strategy (MTFS).																				
44.	The Council maintains a number of useable reserves these totalled £86.08M at year end. This includes £82.04M of General Fund Reserves and £4.04M of school balances. A breakdown of useable reserves is shown in Appendix 2. The movement in reserves is shown in the graph below. All of these reserves are set aside for specific reasons and are regularly reviewed to ensure they are appropriate.																				



**FINANCIAL STATEMENTS 2017/18**

46. The draft financial statements were presented to Governance Committee on 11<sup>th</sup> June 2018.

47. The Annual Audit, carried out by our auditors Ernst & Young, commenced on 21<sup>st</sup> May 2018. The final audit report will be completed by the 23<sup>rd</sup> July 2018. Any major changes to the Financial Statements arising from the annual audit will be reported to the 30<sup>th</sup> July 2018 Governance Committee after the completion of the audit. At the current time, no material issues have been identified.

48. At the time of writing the report early indications from the auditors are that the Value For Money conclusion for last financial year will be positive except for those to monitor and ensure compliance with contract and procurement procedure rules. This will be reported to Governance committee on 30 July, and management will present the action plan to rectify this position. A major strand of this will be the review of all the procurement processes as part of the implement of Business World. However further measures will need to be put in place in this financial year until the new processes and systems are implemented.

**RESOURCE IMPLICATIONS**

**Capital/Revenue**

49. As set out in the report details.

**CONSULTATION**

50. Although there is no statutory duty to consult, the HRA outturn position noted in this report has been discussed at meetings of the Tenant Resources Group, which comprises tenants from across the city, and their input is acknowledged with thanks.

**Property/Other**

51. None.

**LEGAL IMPLICATIONS**

<b>Statutory power to undertake proposals in the report:</b>	
52.	The Council's accounts must be approved by Council in accordance with the Accounts and Audit Regulations 2011.
53.	The requirement to maintain a Housing Revenue Account is set out in the Local Government and Housing Act 1989 and the requirement to publish final accounts is set out in the Accounts and Audit Regulations 2003.
<b>Other Legal Implications:</b>	
54.	None.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
55.	None.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
56.	The proposals contained in the report are in accordance with the Council's Policy Framework Plan.

<b>KEY DECISION?</b>	Yes/No
<b>WARDS/COMMUNITIES AFFECTED:</b>	All
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	General Fund Portfolio Variances Explanations
2.	Useable Reserves at 31 <sup>st</sup> March 2018
3.	Collection Fund 2017/18
4.	HRA Revenue Summary Outturn 2017/18
5.	HRA Variance Explanations 2017/18
6.	Property Investment Fund Performance 2017/18
<b>Documents In Members' Rooms</b>	
1.	
2.	
<b>Equality Impact Assessment</b>	
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Yes/No
<b>Privacy Impact Assessment</b>	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	Yes/No
<b>Other Background Documents</b>	



<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>		
	<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>
1.	Budget Report 2017/18	
2.		

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### COMMUNITIES, CULTURE & LEISURE PORTFOLIO

#### KEY ISSUES – OUTTURN 2017/18

The Portfolio has under spent by **£0.66M** at year-end. The Portfolio outturn variance has moved **favourably** by **£0.62M** from the position reported at Quarter 3.

Division	Outturn Variance £M	Forecast Variance Quarter 3 £M	Movement £M	Ref.
Leisure Client	0.17 F	0.00	0.17 F	COMM 1
Leisure Events	0.10 F	0.00	0.10 F	COMM 2
Major Projects	0.13 F	0.00	0.13 F	COMM 3
Heritage, Collection & Management	0.08 F	0.02 F	0.06 F	COMM 4
Libraries	0.05 F	0.00 F	0.05 F	COMM 5
Gallery & Museums	0.05 F	0.01 F	0.04 F	COMM 6
Other	0.08 F	0.01 F	0.07 F	
<b>Total</b>	<b>0.66 F</b>	<b>0.04 F</b>	<b>0.62 F</b>	
<b>Carried Forward</b>	<b>0.07A</b>	<b>0.00</b>	<b>0.07A</b>	
<b>Net Position</b>	<b>0.59 F</b>	<b>0.04 F</b>	<b>0.55 F</b>	

The **SIGNIFICANT** issues for the Portfolio are:

**COMM 1 – Leisure Client (£0.17M favourable, £0.17M favourable movement)**

**This is primarily due to the correction of prior year pension contributions.**

Pension charges were reduced following the transfer of staff to external service providers. This has resulted in a one-off benefit in the current year due to the correction of prior year charges and will create ongoing savings of £0.13M a year.

**COMM 2 – Leisure Events (£0.10M favourable, £0.10M favourable movement)**

**Additional income from events and permissions was received during the year.**

There was higher than anticipated income during the year from events and granting permissions for events.

There is a carry forward request of £0.07M to fund preparation work on Mayflower 400 and other festivals during 2018/19.

### **COMM 3 – Major Projects (£0.13M favourable, £0.13M favourable movement)**

**This is due to planned payments to the operator of the new arts complex not being made in 2017/18.**

The new arts centre has opened in year but some building facilities are still to be completed. The payments to the operator of the complex cannot be made until these are finalised. At quarter 3 it was expected that the payments would be made by year end however payment is now expected to be made in 2018/19 and will be met from the 2018/19 budget.

### **COMM 4 – Heritage, Collection & Management (£0.08M favourable, £0.06M favourable movement)**

**Low costs have been incurred during the year due to staffing vacancies and lower than budgeted spend on repairs and maintenance.**

Staffing vacancies are being held in the Central Arts & Heritage team following greater joined up working between teams. This has created a favourable variance of £0.04M. In addition, lower than budgeted spend on repairs and maintenance particularly in relation to monuments has created a favourable variance of £0.04M. The budget is expected to be fully utilised in 2018/19 to coincide with the Ancient Scheduled Monuments project.

### **COMM 5 –Libraries (£0.05M favourable, £0.05M favourable movement)**

**Various small underspends across the service over and above planned cost reductions.**

There is a favourable variance of £0.05M in Libraries, over and above planned cost reductions to ensure the savings target for Open Use Systems was met in year. The variance is made up of minor underspends across the service including shift pay £0.01M, utilities £0.01M, supplies and services £0.01M and photocopying income £0.01M.

### **COMM 6 – Galleries and Museums, (£0.05M favourable, £0.04M favourable movement)**

**Additional income generated by venues was partially off-set by increased expenditure to achieve the increased sales and a delay in the move to the volunteer staffing model at Tudor House.**

Income generated by venues was higher than budget by £0.17M The increased level of income is primarily due to visitor numbers being greater than target levels. This has created a favourable variance in ticket sales along with shop and café income. Income from educational visits has also been greater than budget, particularly at SeaCity.

The increased income has been off-set by higher salaries and supplies than budget to help achieve the increased sales. Also a delay in the move to the volunteer staffing model at Tudor House created additional staffing costs in year (£0.12M).

## EDUCATION & CHILDRENS SOCIAL CARE PORTFOLIO

### KEY ISSUES – OUTTURN 2017/18

The Portfolio has under spent by **£0.12M** at year-end The Portfolio outturn variance has moved **adversely** by **£0.07M** from the position reported at Quarter 3.

<b>Division / Service Activity</b>	<b>Outturn Variance £M</b>	<b>Forecast Variance Quarter 3 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
Divisional Management & Legal	0.07 F	0.16 F	0.09 A	E&CS1
Quality Assurance	0.05 A	0.00	0.05 A	E&CS2
MASH & Children in Need (CiN)	0.56 F	0.32 F	0.24 F	E&CS3
Specialist Core Services	0.28 F	0.22 F	0.06 F	E&CS4
Looked After Children	0.78 F	0.42 F	0.36 F	E&CS5
ICU – Children’s Services	0.27 F	0.13 F	0.14 F	E&CS6
Education – High Needs & Schools	0.70 A	0.30 A	0.40 A	E&CS7
Education – Early Years and Asset Management	0.96 A	0.76 A	0.20 A	E&CS8
Early Help	0.07 A	0.00	0.07 A	E&CS9
Skills	0.07 A	0.00	0.07 A	E&CS10
Other	0.01 F	0.00	0.01 F	
<b>Total</b>	<b>0.12 F</b>	<b>0.19 F</b>	<b>0.07 A</b>	

The **SIGNIFICANT** issues for the Portfolio are:

**E&CS1 – Divisional Management & Legal (£0.07M favourable, £0.09M adverse movement)**

**There have been Management staffing vacancies offset by agency cover.**

The management team for Education and Children Social Care has undergone changes as part of phase 3 and staff leaving. These savings in management staffing costs while, posts are vacant, have been largely offset by agency cover whilst full recruitment is planned and completed.

The movement from quarter 3 is due to agency staff cover being extended for the remaining 3 months of the year as well as budgeted income for the self-funding Commercialisation Service Manager post not being met whilst the Service is being redesigned. This redesign will review the expected 2018-19 income and the planned work to meet these targets.

A carry forward request for £0.01M has been requested, to make minor improvements to staff accommodation to help with staff retention.

### **E&CS2 – Quality Assurance (£0.05M adverse, £0.05M adverse movement)**

**There have been a number of staffing and agency changes in the service.**

Within Quality Assurance, staffing posts were being held vacant to meet the budget and savings targets for income. The movement from quarter 3 is due to a requirement to fill these vacant posts to meet the demands of the service as well as extending 2 agency staff contracts to also cover work within the team.

The ongoing pressure for 2018-19 is the income required within the Commercialisation team and this service is currently being redesigned to maximise the income from training courses.

There is a carry forward request of £0.02M. This is because the apprenticeship scheme for social workers is yet to be in place nationally. There is a need to have a 'grow your own' scheme for converting non-social work qualified employees into social workers. The council is currently supporting 4 members of staff through this process and the carry forward of the budget is to meet the ongoing training expenses to continue to support the scheme.

### **E&CS3 – MASH & Children in Need (£0.56M favourable, £0.24M favourable movement)**

**Vacant posts that were forecast to be filled have not all been completed by year end.**

There have been staff vacancies as part of the phase 3 restructure to be filled and this has led to the favourable variance in year whilst these posts remain vacant.

The movement from quarter 3 is due to forecasting that these posts were to be filled. Recruitment is taking longer than forecast resulting in an additional favourable movement to year end.

The current recruitment drive will ensure that these posts are filled early in the New Year.

### **E&CS4 – Specialist Core Services (£0.28M favourable, £0.06M favourable movement)**

**There have been vacant posts that have not been filled as quickly as expected.**

There are vacant posts within the service that have not been filled due to difficulty in finding the right candidates for the posts resulting in a favourable variance of £0.31M. The movement from quarter 3 is due to forecasting of these post being filled earlier than expected. The current recruitment drive will fill these posts early in the new financial year.

There is an over spend on the budget to cover children and their families that have no recourse to public funds of £0.03M which has partly offset the favourable staffing variance. This budget is demand led and monitoring during 2018-19 will determine if a realignment of the budgets are required.

**E&CS5 – Looked After Children (£0.79M favourable, £0.37M favourable movement)**

**There has been a large reduction in the inter-agency numbers, savings from staffing vacancies, savings within residential placements and Independent Fostering Agencies (IFA's), increased Unaccompanied Asylum Seeking Children (UASC) income offset by a drive towards increasing the number of Special Guardianship Orders(SGO's).**

The numbers of inter-agency adoptions in 2016-17 has been assessed as a peak year for SCC. On review for 2017-18, the number of inter-agency adoptions has reduced significantly due to a change in the process resulting in a favourable variance against the budget of £0.46M.

The phase 3 restructure has resulted in a number of vacancies to be filled across the Looked After Children Service and this has been delayed due to issues with recruitment resulting in a favourable forecast of £0.39M. The movement from quarter 3 on staffing is due to the forecasting of these posts being filled earlier.

The current recruitment drive will ensure that these posts are filled early in the New Year which will ensure the teams work efficiently, reducing caseloads and meeting the required LAC savings for 2018-19.

As part of the year end processes a final review of all the Residential and IFA placements incorporating a checking of invoices still outstanding and payments made to date has shown an additional favourable movement of £0.14M.

Council's across the country have been provided with an allocation of funding to build capacity to care for unaccompanied asylum seeking children and unaccompanied asylum seeking care leavers. This is a formula based calculation for which SCC has received £0.09M. SCC was advised of this funding in February 2018.

The new Edge of Care team and Step Down team has been created and the realignment of budgets and staff is currently underway. The costs for these teams in 2017-18 are in Early Help and there is a current favourable variance of £0.07M within Looked After Children to match an overspend within Early Help noted below.

The continued drive within the service to Special Guardianship Orders and Adoptions has resulted in an increased spend against budget of £0.30M.

**E&CS6 – ICU Children's Services (£0.27M favourable, £0.14M favourable movement)**

**There has been a cessation of 2 contracts during the year.**

The cessation of the midwifery contract has resulted in a favourable variance of £0.15M. Two other contracts have also changed following a review in the final quarter of the year. The first is a cessation with a favourable movement of £0.08M. The second is a contract reduction of £0.03M.

These contract changes will not affect 2018-19 as a revised group of contracts will be in place in 2018-19 using the existing budgets.

**E&CS7 – Education High Needs & Schools (£0.70M adverse, £0.40M adverse movement)**

**Pressure due to additional demand and unachieved savings have led to an overspend.**

The Special Educational Needs & Disabilities team (SEND) have an overspend of £0.47M due to increased demand on respite care packages and the use of agency staff whilst implementing phase 3. Pressures of £0.16M relate to previously reported unachievable transformation savings for Education Welfare Service, Music Service, and the Language Intervention Team. The Music Service and Language Intervention Team are not SCC funded, and the Education Welfare Service was unable to generate additional income. Overspend of £0.08M due to increase complexity of LAC children with disabilities being placed in residential setting than had been budgeted for.

**E&CS8 – Education Early Years & Asset Management (£0.96M adverse, £0.20M favourable movement)**

**Overspend is predominantly due to the increased numbers and complexity of children requiring Home to School Transport and achievement of income.**

The adverse variance is due to pressures arising in the Home to School Transport Service of £0.67M reflecting the increase in numbers of children with High Needs. Increasing complexity of these children have led to children predominantly being transported via taxi or bus which is costly to the service. Work is being undertaken to review these services in 2018/19 Increase statutory demands on the Educational Psychologist have led to a reduced ability to undertake fee earning activity and reduce income in this year.

**DSG (Dedicated Schools Grant) Note (E&CS7 and E&CS8)**

The DSG was over spent in 2017/18 by a net £1.90M in year. This is due to an over spend on the High Needs Block of £2.35M due to increasing demand for children with special needs and an increase in complexity. This has been partially offset by favourable variances on the Schools Block of £0.27M due to and Early Years Block £0.18M. This was then offset by a surplus brought forward from 2017/18 to give an overall deficit of £1.09M. This deficit has been carried forward into 2018/19.

**E&CS9 – Early Help (£0.07M adverse, £0.07M adverse movement)**

**There are costs for Edge of Care and Step Down that relate to Looked After Children.**

The costs for the newly created Edge of Care team and Step Down team has created an adverse movement of £0.07M. There is a current favourable variance of



£0.07M within Looked After Children noted above to match this overspend within Early Help. This has been offset by a favourable movement in Public Health.

**E&CS10 – Skills (£0.07M adverse, £0.07M adverse movement)**

**There is an unachieved income budget from a team restructure.**

A team restructure at the start of the year has led to an unachieved income budget of £0.07M for staff recharges as the associated staffing costs are no longer being incurred.

From 2018/19 some of the budget has been removed as part of the updated 2018/19 budget and the remainder will be absorbed by the service into existing income targets.

**UNACHIEVED SAVINGS 2017/18**

<b>Description</b>	<b>Unachieved Savings 2017/18 £M</b>	<b>Explanation of ongoing impact and mitigating actions.</b>
Reduction in Agency Budget.	0.23	Due to delays in recruitment of staff, including Social Workers. A recruitment drive to fill these posts is underway which will enable us to release the agency staff and meet the savings in 2018/19.
Spend reduction of divisional overhead budgets.	0.05	Savings was expected to be found from overheads. The part savings in 2017-18 is due to other staff savings. This will need to be absorbed into other savings within the service.
Reduction in staff travel in line with reduction in LAC.	0.03	This has not been met because the number of children that are out of the area remains high. As the LAC projects become fully implemented, this saving will be met.
Savings in respect of Service Cost recovery that will not be achieved	0.15	This pressure has been included in the MTFs for 18/19 and future years
Explore opportunities to integrate QA functions with another Council.	0.01	This has not been feasible and the saving will need to be absorbed within the service.
Education Psychology – Social Enterprise.	0.05	Restructuring the Psychology service as part of the phase 3 review will allow the service to further develop its trading and income generating activities and mitigate current pressures.
Merge school based planning and admissions managers role.	0.02	The SCC funding element of merging this post has been saved of £0.05M. This is the total savings to be made and the balance will need to be absorbed within the service going forward.
<b>Total for 2017/18</b>	<b>0.54</b>	

## UNACHIEVED SAVINGS 2016/17:-

Description	Unachieved Savings 2016/17 £M	Explanation of ongoing impact and mitigating actions.
Reduction in Agency Budget.	0.09	2016/17 Unachieved saving due to delays in recruitment of staff, including Social Workers and is included in the 2017/18 recruitment drive to fill these posts to enable us to release the agency staff and meet the savings.
Move children out of care into alternative permanent family arrangements.	0.14	2016/17 Unachieved saving was met in 2017/18 by over achievement of other savings targets. In 2018/19, LAC savings projects are underway to meet this target in the new year.
<b>Total for 2016/17</b>	<b>0.23</b>	

<b>Grand Total</b>	<b>0.77</b>	
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## ENVIRONMENT & TRANSPORT PORTFOLIO

### KEY ISSUES – OUTTURN 2017/18

The Portfolio has over spent by **£0.05M** at year-end The Portfolio outturn variance has moved **adversely** by **£0.37M** from the position reported at Quarter 3.

Division / Service Activity	Outturn Variance £M	Forecast Variance Quarter 3 £M	Movement £M	Ref.
City Services – Waste	0.06 A	0.10 A	0.04 F	CCTE 1
City Services – Parks & Open Spaces	0.42 A	0.02 A	0.40 A	CCTE 2
Transport & Planning	0.45 F	0.44 F	0.01 F	CCTE 3
Other minor variances	0.02 A	0.01 A	0.01 A	
<b>Total</b>	<b>0.05 A</b>	<b>0.32 F</b>	<b>0.37 A</b>	

The **SIGNIFICANT** issues for the Portfolio are:

**CCTE 1 – City Services (Waste Management) (£0.06M adverse, £0.04M favourable movement)**

## **Additional costs incurred due to incinerator unavailability, offset by savings achieved through Alternate Weekly Collections (AWC)**

There has been an increase in adverse variance in relation to commercial waste disposal costs. The incinerator was unavailable throughout January and most of February, meaning a significant volume in tonnage was dealt with through the transfer station. The overall adverse variance for trade waste is £0.33M. Fees for 2018/19 have been reviewed and increased to partially recover the additional cost, and the disposal contract arrangements will be reviewed in 2018/19.

The adverse movement in Waste was partially offset by reductions in staffing costs of £0.15M, and reductions in domestic refuse disposal costs of £0.17M following the introduction of AWC this year.

## **CCTE 2 – City Services (Parks & Open Spaces) (£0.42M adverse, £0.40M adverse movement)**

**Overall adverse variance largely due to backlog of tree works inherited from previous contractor.**

The Tree Surgery team has experienced vacancies and long term sickness over the year. One of the requirements of undertaking tree works, is that a team leader is required on site to manage health & safety and supervise working at height. In addition, the Council has been working through a significant backlog of essential tree works since the previous contract was brought back in house in April. Both of these factors mean that there has been less ability to focus on income generating work, generating an adverse variance of £0.15M. It is likely that the backlog will continue to be addressed throughout 2018/19, but once complete will free capacity for income generating work.

Temporary staff costs of £0.12M have been incurred in respect of Street Cleansing, to cover for vacant posts in the service during the year. The service is currently undergoing its Phase 3 staffing review, which will address resourcing across City Services.

Additional equipment and vehicle repair costs of £0.08M have also been incurred, which arises from an ageing stock of plant and equipment. Options for investment in equipment will be investigated in 2018/19.

## **CCTE 3 – Transport & Planning (£0.43M favourable, £0.01M adverse movement)**

**The favourable variance is primarily due to the renegotiated concessionary fares scheme and additional income generation within the planning team, offset by adverse variance in the Street lighting and Highways programme.**

The favourable variance on Concessionary Fares of £0.38M is a result of a renegotiated scheme with bus operators creating savings compared to budget assumptions. Lower than anticipated passenger numbers in quarter 4 also reduced the value of expected payments to operators.

The favourable variance in the Planning team of £0.22M is a result of the team recharging staff time to Eastleigh BC for work undertaken by SCC employees on

creating a Local Transport Plan for Eastleigh. Community Infrastructure Levy (CIL) administration fee income has been higher than budget in 2017/18 due to increased CIL receipts from local developers.

There is a carry forward request in the planning team of £0.04M this is to fund work on the Southampton Local Transport Plan in 2018/19 that could not be done in year due to the team's work on the Eastleigh Plan.

A feasibility study for a combined tidal barrier and bridge in the River Itchen has been undertaken in year. The funding for a full capital scheme is currently not available so the scheme is not being developed further at this stage. As the scheme is currently not progressing to a capital project the cost of the feasibility study has been recognised as a revenue expense in year. This has generated a one-off adverse variance of £0.14m.

There was also a £0.04M underspend on salary costs as a result of the Transport Coordination Unit team restructure during the year. This budget will be fully utilised in 2018/19.

An underspend on School crossing patrols of £0.07M is due to staff vacancies during the year. Recruitment to vacant positions was undertaken in 2017/18 but a number of positions remain vacant. A further round of recruitment is currently underway to fill the vacancies.

Planning: The Council retains 5% of Community Infrastructure Levy receipts towards the cost of administration. An increasing number of contributions means that the income forecast has increased favourably by £0.15M. A further one-off £0.03M relates to staffing vacancies held in the year.

#### **UNACHIEVED SAVINGS 2017/18**

<b>Description</b>	<b>Unachieved Savings 2017/18 £M</b>	<b>Explanation of ongoing impact and mitigating actions.</b>
Charges for double interment for non-residents	0.03	Delay in implementation. Part-year impact for 2017/18 only. This will be achieved in 2018/19.
Employ additional Registration staff to perform additional income generating work	0.04	Staff recruited but part-year effect. Will be achieved in 2018/19
Charge for replacement bins	0.04	Delay in implementation in 2017/18, will be achieved 2018/19.
Reduce Free Parking Periods at District Centre Car Parks from 5 hours to 2	0.07	Traffic Regulation Order (TRO) advertised in December and implemented early 2018. Has been offset by favourable income variances in of street car parking, and in place for 2018/19.
<b>Total for 2017/18</b>	<b>0.18</b>	

## FINANCE PORTFOLIO

### KEY ISSUES – OUTTURN 2017/18

The Portfolio has under spent by **£0.09M** at year-end. The Portfolio outturn variance has moved **favourably** by **£0.52M** from the position reported at Quarter 3.

<b>Division / Service Activity</b>	<b>Outturn Variance £M</b>	<b>Forecast Variance Quarter 3 £M</b>	<b>Movement  £M</b>	<b>Ref.</b>
IT Services	0.93 F	0.60 A	1.53 F	FIN 1
Accounts Payable & Accounts Receivable	0.20 F	0.07 F	0.13 F	FIN 2
Business Support	0.04 F	0.10 F	0.06 A	FIN 3
Customer Services	0.09 A	0.00	0.09 A	FIN 4
Partnership Services	0.89 A	0.00	0.89 A	FIN 5
Other	0.10 A	0.00	0.10 A	
<b>Total</b>	<b>0.09 F</b>	<b>0.43 A</b>	<b>0.52 F</b>	

**The SIGNIFICANT issues for the Portfolio are:**

**FIN 1- IT Services (£0.93M favourable, £1.53M favourable movement)**

**Additional savings derived from the digital guarantee.**

The costs of the Digital Team are included within Partnership Services where there is a corresponding adverse variance (see FIN 5 Below). There was also a saving of £0.44M in computer maintenance, licences and royalties since services and modules are no longer required, not in use or been cancelled during the year.

These favourable variances were offset by unachieved savings in the reorganisation of IT provision of £0.19M, rationalisation of licences £0.11M and lower development activity £0.18M. The movement from quarter 3 is the result of the inclusion of the savings from the digital guarantee.

**FIN 2 - Accounts Payable & Accounts Receivable (£0.20M favourable, £0.13M favourable movement)**

**Vacancies and acting-up arrangements**

The under spend has arisen as a result of vacant posts within the Customer Payments & Debt team. Posts have been held vacant as a result of acting-up arrangements and staff being paid less than budgeted since all posts are budgeted at top of grade. Some savings are expected to continue into 2018/19.

There is a carry forward request of £0.18M to fund a fixed term resource to meet the council wide requirements of the Business Support and Customer Payment and Debt Teams.

**FIN 3 – Business Support (£0.04M favourable, £0.06M adverse movement)**

**Vacancies and staff costs lower than budget**

The under spend has resulted from vacant posts within the Business Support teams due to significant staff turnover.

**FIN 4 – Customer Services (£0.09M adverse, £0.09M adverse movement)**

**Additional costs associated with Voice Recognition Software**

There has been an over spend arising from additional payments to the external service provider following changes in the use of Voice Recognition Software.

**FIN 5 – Partnership Services (£0.89M adverse, £0.89M adverse movement)**

**Adverse variance due to Digital Team Costs.**

An adverse variance of £0.87M on Digital costs. The digital team costs are recognised within the overall partnership costs. However, due to the mechanics of the digital guarantee, the offset is shown within the IT services budget (see FIN 1 above).

**UNACHIEVED SAVINGS 2017/18**

<b>Description</b>	<b>Unachieved Savings 2017/18 £M</b>	<b>Explanation of ongoing impact and mitigating actions.</b>
Reorganise IT Provision	0.19	The recurrent savings will be achieved in future years.
Rationalise Licences by 20%	0.11	The recurrent savings will be achieved in future years with further review of licences
Reduce Development Activity	0.18	The recurrent savings will be achieved in future years with further review of development activity.
<b>Total for 2017/18</b>	<b>0.48</b>	

## HEALTH & COMMUNITY SAFETY PORTFOLIO

### KEY ISSUES – OUTTURN 2017/18

The Portfolio has under spent by **£0.01M** at year-end. The Portfolio outturn variance has moved **adversely** by **£0.01M** from the position reported at Quarter 3.

<b>Division / Service Activity</b>	<b>Outturn Variance £M</b>	<b>Forecast Variance Quarter 3 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
Public Health	0.19 F	0.00 F	0.19 F	HSL 1
Prevention & Inclusion Service	0.11 A	0.03 A	0.08 A	HSL 2
Housing Needs	0.08 A	0.00 F	0.08 A	HSL 3
Other	0.01 F	0.05 F	0.04 A	
<b>Total</b>	0.01 F	0.02 F	0.01 A	

**The SIGNIFICANT issues for the Portfolio are:**

#### **HSL 1 – Public Health (£0.19M favourable, £0.19M favourable movement)**

Public Health has a favourable movement since quarter 3. These monies have been reallocated to Housing Related Support (see Housing Needs below) and the support children's centres (see Education and Children's Social Care portfolio). The favourable movement occurred due to lower than anticipated take up of health and renegotiation of the 5-19 nursing service.

#### **HSL 2 – Prevention & Inclusion Service (£0.11M adverse, £0.08M adverse movement)**

**There have been higher costs of children in remand.**

The courts make decisions on whether to remand a child and SCC has the responsibility to ensure that the funding is available to meet this demand. The service works with children known to them to mitigate the risks of these children being remanded where possible.

The overspend is in part due to children being given remand, who have never offended before and were not known previously. SCC currently has no commissioned remand bed that can be offered as an alternative to court ordered remands, which though rare may have prevented some remand episodes. We are working towards a joint commissioned arrangement with Portsmouth City Council which should be in place by the second half of 2018-19 that will help mitigate these high cost remand cases. However, we also have no control over the length of remand – a recent high profile case has resulted in a necessarily prolonged sentence process that means realistically one single child will be held on remand for as long as the court deems necessary, with no realistic prospect of bail due to the seriousness of the offence.

The Q4 movement is impacted upon by that one remand episode and will continue into and beyond Q1 of 2018-19.

**HSL 3 – Housing Needs (£0.08M adverse, £0.08M adverse movement)**

**Overspent on deposits paid to private landlords**

There is an overspend on deposits and payments paid to private landlords of £0.08M. Private landlords are increasingly being awarded non returnable payments as an enhanced incentive to encourage new tenancies for homeless individuals and families which is a cause of this overspend. This is expected to continue to be an issue for 2018/19, a bid will be made to use additional New Burdens Grant in relation to the Homelessness Reduction Act to help offset this, by way of development of support and prevention activities. This has been offset by a favourable movement in Public Health.

**HOUSING AND ADULT CARE PORTFOLIO**

**KEY ISSUES – OUTTURN 2017/18**

The Portfolio has over spent by **£3.71M** at year-end. The Portfolio outturn variance has moved **favourably** by **£0.69M** from the position reported at Quarter 3.

<b>Division / Service Activity</b>	<b>Outturn Variance</b>	<b>Forecast Variance Quarter 3</b>	<b>Movement</b>	<b>Ref.</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	
Safeguarding AMH & OOH	0.41 A	0.49 A	0.08 F	HSC 1
Provider Services	0.52 A	0.29 A	0.23 A	HSC 2
Long Term	3.21 A	3.46 A	0.25 F	HSC 3
Adult Services Management	0.21 F	0.02 F	0.19 F	HSC 4
Reablement & Hospital Discharge	0.16 F	0.18 A	0.34 F	HSC 5
ICU System Redesign	0.08 F	0.00 F	0.08 F	HSC 6
Other	0.02 A	0.00 F	0.02 A	
<b>Total</b>	<b>3.71 A</b>	<b>4.40 A</b>	<b>0.69 F</b>	

**The SIGNIFICANT issues for the Portfolio are:**

**HSC 1 - Safeguarding Adult Mental Health & Out of Hours – (£0.41M adverse variance, £0.08M favourable movement)**

**Mental Health client numbers were higher than budgeted during the year**



The adverse variance of £0.41M for Mental Health client package costs is due to an increase in the number of clients above the original budgeted amount. The budget was based on an average of 238 clients through the year but there was an average number of clients for the current financial year of 256. This is mainly due to reviews taking place for clients that were previously fully funded by Health budgets that following the reviews have become a Council cost.

In the final quarter of the year, there was a review within the service of Mental Health clients in respect to their primary care which resulted in a transfer of some clients to Long Term care. This resulted in a favourable movement of £0.38M since the quarter 3 report. Conversely, there was also a review of client contributions which had a negative effect on income as there was an effective cancellation of expected contributions amounting to £0.18M. The remaining adverse movement in forecast from quarter 3 was related to increased client numbers and backdated cost increases.

The Phase 3 restructure will provide additional review capacity to ensure the care being provided is appropriate to each client's needs and ensuring care is provided in the most cost effective way. This, coupled with the strengths based approach in achieving future savings, is planned to reduce future client numbers.

### **HSC 2 - Provider Services (£0.52M adverse variance, £0.23M adverse movement)**

#### **Kentish Road respite centre remained open longer than expected and additional temporary staff expenditure was incurred in residential care**

There was a delay in the closure of Kentish Road respite centre, which was originally planned for April 2017 and instead closed at the end of November 2017. This has led to a £0.20M adverse variance within this area. Kentish Road is expected to reopen for part of 2018/19 and there is a budget in place for the planned expenditure in this area.

Due to staffing vacancies, sickness and maternity leave, Holcroft House and Glen Lee residential care homes have had increased expenditure on temporary staff which has led to an overspend of £0.33M. The overspend increased in the final quarter of 2017/18, due to additional vacancies in permanent staffing positions requiring temporary staffing, which in turn increased the outturn overspend from the quarter 3 forecast position by £0.20M. The additional costs incurred by utilising temporary staffing is expected to be mitigated with new permanent recruitment in this area in the early part of 2018/19.

### **HSC 3 - Long Term (£3.21M adverse variance, £0.25M favourable movement)**

#### **Unachieved savings and increased client numbers led to an overspend**

Older Persons & Physical Disability client packages has an adverse variance of £2.65M and there is an adverse variance of £0.56M on Learning Disability packages.

The reason for the over spend is due to £2.53M of unachieved savings, with the remainder of £0.68M being attributed to an increase in demand and complexity of client care in this area. Client number pressures are being mitigated in 2018/19 with

the existing client number pressures being funded through a budget pressure adjustment.

There are also £3.00M recast savings targets and plans for 2018/19 within Adult Social Care which are based on reducing existing client numbers and costs of care. This is expected to reduce costs in this area. This pressure has been addressed as part of the approved budget for 2018/19.

#### **HSC 4 - Adult Services Management (£0.21M favourable variance, £0.19M favourable movement)**

##### **Review of Occupational Therapists work and reduction in non-essential spend**

There has been a reduction in Occupational Therapists costs of £0.04M following a review of the work undertaken by Occupational Therapists.

There were several areas of underspend contributing to a £0.17M favourable variance. These areas related to payments to external bodies for advice, training and subscriptions that were previously budgeted for, but were not spent in 2017/18 due to a moratorium on non-essential spend due to overspends elsewhere.

#### **HSC 5 - Reablement & Hospital Discharge (£0.16M favourable variance, £0.34M favourable movement)**

##### **Staffing vacancies and additional income support from Southampton Clinical Commissioning Group**

The Community Independence team experienced vacancies during the year, contributing a favourable variance of £0.09M. Some of the vacant posts are in the process of being filled, others have remained open pending the Phase 3 staffing restructure.

The Hospital Discharge team received £0.06M of income relating to additional support from Southampton Clinical Commissioning Group. There was also an additional £0.03M from the Improved Better Care Fund in quarter 4 that was previously not anticipated.

There was a £0.25M overspend on the Single Point of Access team due to staffing vacancies being covered by temporary staff. The Phase 3 restructure is expected to lead to these posts being filled. This amount was offset by a contribution as part of the partnership with the Southampton Clinical Commissioning Group which was not confirmed until the end of the financial year, and thus not included in earlier forecasting.

**HSC 6 – ICU System Redesign (£0.08M favourable, £0.08M favourable movement)**

**Substance misuse savings**

An under spend of £0.08M has been achieved within substance misuse and peer support due to savings on contract expenditure. It was originally envisaged that this underspend would be needed to offset potential pressures at quarter three but only £0.03M was required by year end within ICU Provider Relationships. £0.03M of the saving relates to the Public Health grant. This ring fenced saving has been used to pay for Housing Related Support expenditure. The saving on the Public Health grant will be used in 2018/19 to offset the grant reduction.

**UNACHIEVED SAVINGS 2017/18**

<b>Saving Description</b>	<b>Unachieved Savings 2017/18 £M</b>	<b>Explanation of ongoing impact and mitigating actions.</b>
Changing the way the adult social care teams operate.	1.68	Savings targets have been recast for 2018/19 with a strengths based approach to assessing and meeting need.  The strengths based approach should achieve savings through : <ul style="list-style-type: none"> <li>• Reducing the number of people entering social care system/ needing care packages</li> <li>• Reducing costs through lower cost, earlier interventions that delay and reduce need for more expensive care</li> <li>• Reducing elements of care packages and building on an individual's strengths and assets</li> <li>• Achieving equity between individuals' care</li> </ul>
Developing more housing with care.	0.10	
Mental Health review.	0.07	
Joining up adults and housing teams to maintain independent living for longer in supported housing.	0.60	
Cost recovery from care provider training.	0.08	
<b>Total</b>	<b>2.53</b>	

**UNACHIEVED SAVINGS PRIOR YEARS**

<b>Saving Year</b>	<b>Description</b>	<b>Unachieved Savings £M</b>	<b>Explanation of ongoing impact and mitigating actions</b>
2016/17	Introduce wider role out of telecare.	0.50	Savings targets have been recast for 2018/19 with a strengths based approach to assessing and meeting need.
	<b>Total</b>	<b>0.50</b>	

## LEADER'S PORTFOLIO

### KEY ISSUES – OUTTURN 2017/18

The Portfolio has under spent by **£0.51M** at year-end. The Portfolio outturn variance has moved **favourably** by **£0.50M** from the position reported at Quarter 3.

<b>Division</b>	<b>Outturn Variance £M</b>	<b>Forecast Variance Quarter 3 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
Property Services	0.46 F	0.07 F	0.39 F	LPOR 1
Legal & Governance	0.39 F	0.14 F	0.25 F	LPOR 2
Intelligence, Insight & Comms	0.24 F	0.06 F	0.18 F	LPOR 3
HR Services	0.46 A	0.16 A	0.30 A	LPOR 4
Strategic Management	0.11 A	0.00 A	0.11 A	LPOR 5
Economic Development	0.00 F	0.00 F	0.00 F	LPOR 6
Other	0.00 A	0.01 F	0.01 A	
<b>Total</b>	<b>0.51 F</b>	<b>0.12 F</b>	<b>0.39 F</b>	

**The SIGNIFICANT issues for the Portfolio are:**

#### **LPOR 1 – Property Services (£0.45M favourable, £0.38M favourable movement)**

**This has primarily been caused by an underspend on the repairs and maintenance budget of £1.50M, off-set by pressures associated with reduced recharge income including the non-charging of overheads to capital of £0.85M.**

The planned repairs and maintenance programme was reduced by £1M in year to off-set pressures associated with the non-charging of overheads to capital. The repairs and maintenance budget has historically been underspent and a programme of works was created for 2017/18 that enabled the property portfolio to be adequately maintained in year. A further review of the programme will be undertaken in 2018/19 to establish the ongoing budget requirement.

An additional £0.30M underspend was as a result of cost savings on completed projects or delays on programmed works that have slipped into 2018/19. There was also an additional underspend of £0.20M on reactive repairs as the level of anticipated repairs were not ultimately required in the winter months.

The movement since quarter 3 is a result of these additional underspends materialising in quarter 4.

For 2018/19 the Property Service budget has been realigned following the Stage 3 Capital Assets restructure during 2017/18. The repairs and maintenance budget has been correspondingly reduced to reflect the assumed required programme of work to ensure the property portfolio is appropriately maintained in the future.

**LPOR 2 – Legal & Governance (£0.39M favourable, £0.25M favourable movement)**

**Savings in costs of Registration of Electors, Members Allowances and Legal Services.**

The Costs of Registration of Electors is £0.14M underspent due to election fees and grants received from DWP and other bodies. Members allowances are £0.06M favourable since allowances are less than the 2017/18 uplift and not all members claim allowances for additional duties. Legal Services has a favourable budget of £0.16M due to additional Section 106 income received from property developers.

There is a carry forward request of £0.06M to fund a legal resource to meet increased demand to support property and procurement projects.

**LPOR 3 – Intelligence, Insight, & Communications (£0.24M favourable, £0.18M favourable movement)**

**Salary savings due to a restructure and staff vacancies.**

The favourable variance has resulted from an under spend of £0.11M in the Communications unit is due to a restructure, vacancies and lower external printing costs. Vacancies in the Strategy unit saved a further £0.13M. Some ongoing savings in staffing the Communications unit are expected to continue into 2018/19

**LPOR 4 – HR Services (£0.46M adverse, £0.30M adverse movement)**

**Additional costs have been incurred associated with bringing permanent recruitment back in-house.**

Permanent recruitment, which was previously outsourced, has been brought back in-house. An adverse variance of £0.49M has arisen due to high levels of permanent recruitment, the payment of a termination fee to the Capita, the previous provider, and the establishment of the new in-house recruitment team. Savings in Health and Safety staff and equipment slightly reduced the over spend. The monthly termination fee to Capita will continue until July 2018.

**LPOR 5 – Strategic Management of the Council (£0.11M adverse, £0.11M adverse movement)**

**Additional staffing costs.**

Additional staffing costs as a result of staff turnover.

**LPOR 6 – Economic Development (Nil variance, Nil movement)**

There is a carry forward request of £0.10M for Economic Development to be funded by underspends in the portfolio. The carry forward will fund additional resources in

the Economic Development team to support the further growth and productivity of the Southampton economy by supporting local businesses to create jobs, develop sectorial strengths and help support business start-ups.

## **SUSTAINABLE LIVING PORTFOLIO**

### **KEY ISSUES – OUTTURN 2017/18**

The Portfolio had a **nil** variance at year end. The Portfolio outturn variance has moved **favourably** by **£0.19M** from the position reported at Quarter 3.

<b>Division</b>	<b>Outturn Variance £M</b>	<b>Forecast Variance Quarter 3 £M</b>	<b>Movement  £M</b>	<b>Ref.</b>
Sustainability	0.14 F	0.04 F	0.10 F	SUSL 1
Private Sector Housing	0.14 A	0.23 A	0.09 F	SUSL 2
<b>Total</b>	<b>0.02 A</b>	<b>0.19 A</b>	<b>0.17 F</b>	

**The SIGNIFICANT issues for the Portfolio are:**

#### **SUSL 1 – Sustainability (£0.14M favourable, £0.10M favourable movement)**

The favourable position is primarily due to an underspend on the Carbon Reduction Commitment scheme of £0.10M. Under the scheme the council purchases credits to offset the amount of carbon used by the authority. During the year the authority utilised £0.12M worth of credits compared to a budget of £0.22M. The scheme is due to end in 2018/19 therefore the authority budgeted to ensure that an appropriate level of credits were purchased to prevent an excessive surplus of credits at the end of the scheme.

Under the scheme the council can carry forward unutilised credits to be used in future years. The amount of credits required in 2017/18 had not been finalised at quarter 3.

#### **SUSL 2 – Private Sector Housing (£0.14M adverse, £0.09M favourable movement)**

##### **Reduced income from Houses in Multiple Occupation.**

Income from Houses in Multiple Occupation (HMO) was £0.14M adverse at year end.

A detailed review of HMO licenses renewing in 2018/19 has been undertaken which has identified properties that should have previously been registered. The mandatory HMO registration scheme is also being extended, with more properties coming into scope. These factors should mitigate the pressure in 2018/19.

## TRANSFORMATION PORTFOLIO

### KEY ISSUES – OUTTURN 2017/18

The Portfolio has over spent by **£0.95M** at year-end against a nil budget. The Portfolio outturn variance has moved **adversely** by **£0.95M** from the position reported at Quarter 3.

Division	Outturn Variance £M	<i>Forecast Variance Quarter 3 £M</i>	<i>Movement  £M</i>	Ref.
Transformation Savings	0.95 A	0.00	0.95 A	TRAN 1
<b>Total</b>	<b>0.95 A</b>	<b>0.00</b>	<b>0.95 A</b>	

The **SIGNIFICANT** issues for the Portfolio are:

**TRAN 1 – Transformation Savings (£0.95M adverse, £0.95M adverse movement)**

**Non achievement of Transformation savings linked to the Capita procurement guarantee.**

In anticipation of an overachievement of procurement savings when setting the budget in February 2017, a ‘stretch savings target’ of £0.73M was included as an additional Medium Term Financial Strategy saving. This has not been achieved in 2017/18 due to lower than expected financial benefit realisation from procurement activity.

Additionally, potential savings to be claimed against the guarantee of £0.22M are cost rather than budget reductions. Under the terms of the guarantee, this can be claimed against the guarantee, but with no budget reduction to offset.

This was not recognised at quarter 3 as the level of anticipated savings had not been quantified.

Description	Unachieved Savings £M	Explanation of ongoing impact and mitigating actions
Non Achievement of Transformation Savings	0.95	The ongoing pressure has been included in the MTFs for 2018/19 and future years.
<b>Total</b>	<b>0.95</b>	

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### Useable Reserves at 31st March 2017

Reserve	Balance at 31st March 2018 £M
MTFS Reserve	32.13
Taxation Reserve	5.70
OD Reserve	10.26
Waste Grant Reserve	0.41
City Deal Grant Reserve	1.47
Accommodation Reserve	1.81
Revenue Grant Reserve - General	0.97
Capital Funding Risk Reserve	4.03
Portfolio Carry Forwards Reserve	0.69
LD Housing Reserve	1.09
R&M Reserve	0.50
PFI Sinking Fund	4.43
Insurance General Reserve	2.69
Revenue Contributions to Capital	3.58
On Street Parking Surplus Susp	2.05
Pension Reserve	1.51
Digital Strategy	7.99
Schools	4.04
Other	0.72
<b>Grand Total</b>	<b>86.08</b>

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# Agenda Item 12

## COUNCIL TAX COLLECTION FUND REVENUE ACCOUNT FOR YEAR ENDED 31ST MARCH 2018

## Appendix 3

Original Estimate		Revised Estimate	Actual	Variance Adverse / (Favourable)
2017/18 £M	Council Tax	2017/18 £M	2017/18 £M	2017/18 £M
	<u>Income</u>			
(105.45)	Income due from Council Tax Payers	(105.45)	(105.15)	0.30
(0.20)	Transfers to General Fund - Hardship Fund	(0.20)	(0.20)	0.00
<u>(105.65)</u>		<u>(105.65)</u>	<u>(105.35)</u>	<u>0.30</u>
	<u>Expenditure</u>			
88.48	Southampton City Council Precept	88.48	88.48	0.00
10.41	Hampshire Police Authority Precept	10.41	10.41	0.00
4.02	Fire & Rescue Services Precept	4.02	4.02	0.00
2.07	Distribution of previous year's surplus	2.07	2.07	0.00
2.75	Provision for Bad Debts CT	2.75	1.83	(0.92)
<u>107.72</u>		<u>107.72</u>	<u>106.80</u>	<u>(0.92)</u>
	2.07 CT - Deficit / (Surplus) for the Year	2.07	1.46	(0.62)
(2.07)	CT - Deficit / (Surplus) Brought Forward	(3.84)	(3.84)	0.00
<u>0.00</u>	<b>CT Deficit / (Surplus) Carried Forward</b>	<u>(1.77)</u>	<u>(2.39)</u>	<u>(0.62)</u>
	<b>NNDR</b>			
	<u>Income</u>			
(110.47)	Income from NDR Payers	(110.47)	(106.29)	4.18
0.00	Apportionment of Previous Years Deficit			
2.32	SCC	2.32	2.32	0.00
2.37	MHCLG	2.37	2.37	0.00
0.05	Hampshire Fire & Rescue Authority	0.05	0.05	0.00
<u>(105.73)</u>		<u>(105.73)</u>	<u>(101.55)</u>	<u>4.18</u>
	<u>Expenditure</u>			
2.15	Payment to MHCLG Transitional Arrangements	2.15	3.02	0.87
48.89	Payments to MHCLG	48.89	48.89	0.00
47.91	SCC - NNDR Dist to General Fund	47.91	47.91	0.00
0.98	Hampshire Fire & Rescue NNDR Distrib.	0.98	0.98	0.00
0.31	Allowance to General Fund for NNDR Collection	0.31	0.31	0.00
2.21	Provision for Bad Debts NNDR	2.21	2.23	0.02
8.02	Appeals Provision	8.02	6.79	(1.23)
0.00	Appeals Provision Prior Years	0.00	(5.95)	(5.95)
<u>110.47</u>		<u>110.47</u>	<u>104.18</u>	<u>(6.29)</u>
	4.74 NNDR - Deficit / (Surplus) for the Year	4.74	2.63	(2.11)
(4.74)	NNDR - Deficit / (Surplus) Brought Forward	(6.18)	(6.18)	0.00
<u>0.00</u>	<b>NNDR Deficit / (Surplus) Carried Forward</b>	<u>(1.44)</u>	<u>(3.54)</u>	<u>(2.11)</u>
	<b>0.00 Total Deficit / (Surplus) Carried Forward</b>	<b>(3.20)</b>	<b>(5.93)</b>	<b>(2.72)</b>

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### HOUSING REVENUE ACCOUNT OUTTURN 2017/18

	<b>Latest Agreed Budget 2017/18 £M</b>	<b>Actual Outturn 2017/18 £M</b>	<b>Variance £M</b>
<b><u>SUMMARY</u></b>			
<b><u>EXPENDITURE</u></b>			
Responsive Repairs	8.8	11.5	2.8
Housing Investment	5.2	4.6	(0.6)
<b>Total Repairs</b>	<b>13.9</b>	<b>16.1</b>	<b>2.2</b>
Rents Payable	0.1	0.2	0.1
Debt Management	0.1	0.1	0.0
Supervision & Management	21.8	22.0	0.2
Interest Repayments	5.9	5.4	(0.6)
Principal Repayments	5.6	5.5	(0.1)
Depreciation	19.3	19.3	0.0
Direct Revenue Financing of Capital	9.2	7.6	(1.6)
<b>TOTAL EXPENDITURE</b>	<b>75.9</b>	<b>76.1</b>	<b>0.3</b>
<b><u>INCOME</u></b>			
Dwelling Rents	71.5	71.4	(0.0)
Other Rents	1.1	1.1	(0.0)
<b>Total Rental Income</b>	<b>72.6</b>	<b>72.5</b>	<b>(0.1)</b>
Service Charge Income	1.6	1.6	0.0
Leaseholder Service Charges	0.6	1.0	0.4
Interest Received	0.0	0.0	(0.0)
<b>TOTAL INCOME</b>	<b>74.9</b>	<b>75.1</b>	<b>0.3</b>
<b>SURPLUS/(DEFICIT) FOR YEAR</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>(0.0)</b>
<b><u>BALANCES</u></b>			
Working Balance B/Fwd	3.0	3.0	0.0
Surplus/(deficit) for year	(1.0)	(1.0)	0.0
<b>WORKING BALANCE C/FWD</b>	<b>2.0</b>	<b>2.0</b>	<b>0.0</b>

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### HOUSING REVENUE ACCOUNT PORTFOLIO

#### KEY ISSUES – OUTTURN 2017/18

The Portfolio has broken even at year-end. The Portfolio outturn variance has moved **favourably** by **£0.86M** from the position reported at Quarter 3.

Division / Service Activity	Outturn Variance  £M	Forecast Variance Quarter 3  £M	Movement  £M	Ref.
Repairs	2.76 A	0.96 A	1.80 A	HRA 1
Supervision and Management	0.21 A	0.18 A	0.03 A	HRA 2
Housing Investment	0.56 F	0.16 F	0.40 F	HRA 3
Service charge income	0.37 F	0.12 F	0.25 F	HRA 4
Interest & loan re-payment	0.64 F	0.00	0.64 F	HRA 5
Miscellaneous	0.16 A	0.00	0.16 A	HRA 6
Revenue financing of capital	1.56 F	0.00	1.56 F	HRA 7
<b>Total</b>	<b>0.00</b>	<b>0.86 A</b>	<b>0.86 F</b>	

**The SIGNIFICANT issues for the Portfolio are:**

**HRA 1 – Repairs (£2.76M adverse, £1.80M adverse movement)**

**Various significant variances as a result of the move to Nursling Depot, the delay in signing the Travis Perkins contract and the requirement for a larger staff establishment.**

There was a delay in the implementation of the new materials contract, initially due to systems and stock replenishment issues. Although the contract was signed at the end of May 2017, a mobilisation period was needed before operations could commence. The contract started in August 2017, resulting in an £0.09M adverse variance against the savings target. However, a result of the delay in implementation has been additional staffing costs incurred in sourcing and delivering materials to sites around the city.

Spending on sub-contractors was £0.13M adverse – this was as a result of a larger proportion of work requiring a specialism unavailable in-house (e.g scaffolding).

The Housing Operations service is no longer able to charge management overheads on to the capital programme, resulting in an under-recovery of £0.65M. This adverse variance is offset by a part of the £1.17M favourable variance in “Revenue Financing of capital” (below). Analysis of work in progress, undertaken at year end, has led to a higher spend on revenue and lower spend on capital than previously forecast. Changes to current processes will ensure this is undertaken regularly during the year to enable a more accurate forecast. Capital and revenue budgets have been re-aligned in 2018/19 to meet this pressure.

Costs relating to the Travis Perkins joint venture at Nursling depot were still at pre contract stage when the 2017/18 budget was set – the contract signed in August 2017 agreed an additional annual management fee of £0.57M. This has resulted in a £0.38M adverse variance. This has been resolved for the 2018/19 budget.

Additional costs of £0.10M were incurred on the employment of a Project Manager to implement the Travis Perkins contract.

A review of staffing levels since the implementation of Savills recommendations has resulted in a re-balancing of trades staff, and an increase in the staffing establishment. This has resulted in an adverse variance of £1.21M. The staffing budget for 2018/19 has been amended to reflect the new establishment.

A consequence of the increased staffing has been an increase in the fleet costs, resulting in an adverse variance of £0.20M.

#### **HRA 2 – Supervision & Management (£0.21M favourable, £0.03M adverse movement)**

**An increase in arrears as a result of the implementation of Universal Credit has required an increase in the provision for bad debt.**

An increase in the provision for bad debts (£0.49M adverse) due to the implementation of Universal Credit is significantly less than nationally reported due to tailored support to tenants during the transition period. We have seen a reduction in the numbers of tenants in arrears but an increase in amount of arrears due to timing delays in the payment of benefits. This increase has been offset by a higher than expected saving in staffing costs due to restructure and vacancy management. A higher provision has been budgeted in the years from 2018/19 to 2023/24 to allow for full transition to Universal Credit.

#### **HRA 3 – Housing Investment (£0.56M favourable, £0.40M favourable movement)**

**Procurement savings have reduced the cost of planned maintenance.**

Procurement savings have led to a reduction in some Housing Investment expenditure, and it has also been noted that some Housing Investment budgets remain unused due to the work being coded to Repairs (above).

#### **HRA 4 – Service charge income (£0.37M favourable, £0.25M favourable movement)**

**Increased charges to leaseholders.**



Increased revenue major works by the Housing Operations team (above), and a focused implementation of the Section 20 legislation have resulted in an increased charge to leaseholders. It is expected that the higher level of recovery will continue for 2018/19 onwards.

**HRA 5 – Interest & loan re-payments (£0.64M favourable, £0.64M favourable movement)**

**A reduction in the borrowing requirement has resulted in lower interest charges.**

As a result of the slippage and reduction in the capital programme there is a lower borrowing requirement for funding, and thus a reduced interest payment.

**HRA 6 – Miscellaneous (£0.16M adverse, £0.16M adverse movement)**

**Various small variances.**

Sundry small adverse variances consisting of rental income £0.07M, Internal interest and debt management £0.03M and demand for historical Council Tax on void properties £0.05M.

**HRA 7 – Revenue financing of capital (£1.56M favourable, £1.56M favourable movement)**

**Lower HRA surplus available for capital financing.**

Due to the net overspend, there has been less revenue financing available to finance the capital programme. However, the capital financing required is also less than originally budgeted due to underspends on the capital programme.

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# Agenda Item 12

## Appendix 6

Property Investment Fund Performance 2017/18

Average Short Term 17/18 0.47%

	Purchase Date	Purchase Price	Purchase Costs	Capital Investment	2017/18 Updated Rent Figures	Interest (Average short term)	Valuation 31st March 2018	2017/18 Downward Valuation
	£	£	£	£	£	£	£	£
<b>3 Ely Road, Cambridge,</b> Alcatel Lucent Telecom Ltd (t.a. Nokia)	08/09/2016	6,125,000	343,438	6,468,438	400,000	(30,610)	6,033,125	(435,313)
Virgin Media Ltd	08/09/2016				5,797			
<b>Total 3 Ely Road</b>				<b>6,468,438</b>	<b>405,797</b>	<b>(30,610)</b>		<b>(435,313)</b>
<b>241 Winchester Road, Southampton, SO16 6TP</b> Halfords Ltd	05/10/2016	14,000,000	689,500	14,689,500	140,000	(69,515)	13,790,000	(899,500)
<b>271 Winchester Road, Southampton, SO16 6TP</b> Wickes Building Supplies Ltd	05/10/2016				772,330			
<b>Electricity Substation, 271 Winchester Road, SO16 6TP</b> SSE Services Plc	05/10/2016				302			
<b>Total Winchester Road</b>				<b>14,689,500</b>	<b>912,632</b>	<b>(69,515)</b>		<b>(899,500)</b>
<b>Unit 50, Warth Park Way, Raunds, Northants NN9 6NY</b> DPD Group	23/04/2017	8,200,000	328,000	8,528,000	424,548	(40,357)	8,077,000	(451,000)
<b>Overall Total</b>		<b>28,325,000</b>	<b>1,360,938</b>	<b>29,685,938</b>	<b>1,742,978</b>	<b>(140,482)</b>	<b>27,900,125</b>	<b>(1,785,813)</b>

Average Rate of Return

5.87% 5.40%

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<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	GENERAL FUND AND HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME OUTTURN 2017/18		
<b>DATE OF DECISION:</b>	18 JULY 2018		
<b>REPORT OF:</b>	CABINET MEMBER FOR FINANCE		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Maddy Modha</b>	<b>Tel:</b> 023 8083 3574
	<b>E-mail:</b>	<a href="mailto:madeleine.modha@southampton.gov.uk">madeleine.modha@southampton.gov.uk</a>	
<b>Director</b>	<b>Name:</b>	<b>Mel Creighton</b>	<b>Tel:</b> 023 8083 4897
	<b>E-mail:</b>	<a href="mailto:mel.creighton@southampton.gov.uk">mel.creighton@southampton.gov.uk</a>	

<b>STATEMENT OF CONFIDENTIALITY</b>	
NOT APPLICABLE	
<b>BRIEF SUMMARY</b>	
<p>The purpose of this report is to outline the General Fund and Housing Revenue Account (HRA) capital outturn position for 2017/18, highlighting major variances. There was an overall underspend on the General Fund and HRA capital programme of £31.13M (33.28%), £24.97M relating to slippage and £6.16M of underspends. The report also sets out the revised estimates for 2018/19 which take account of slippage and re-phasing mentioned previously.</p>	
<b>RECOMMENDATIONS:</b>	
(i)	Notes the actual capital spending in 2017/18 as shown in paragraphs 3 to 5 and notes the major variances detailed in paragraphs 9 to 89 and Appendix 1.
(ii)	Notes the revised estimates for 2018/19, adjusted for slippage and re-phasing and additions contained within this report, as shown in Appendix 2.
(iii)	Notes the proposed capital financing in 2017/18 as shown in paragraph 6.
(iv)	Notes that the capital programme remains fully funded up to 2021/22 based on the latest forecast of available resources although the forecast can be subject to change; most notably with regard to the value and timing of anticipated capital receipts and the use of prudent assumptions of future government grants to be received.
(v)	Approve the addition and spend of £0.07M in 2018/19 to the Communities, Culture & Leisure programme; to be funded from grants. As detailed in paragraph 96.
(vi)	Approve the addition and spend of £0.80M in 2018/19 to the Education & Children's Social Care programme; to be funded from government grant. As detailed in paragraph 97.

(vii)	Approve the addition and spend of £0.05M, £0.04M in 2017/18 and £0.01M in 2018/19 to the Environment & Transport – City Services programme; to be funded from S106 contributions. As detailed in paragraphs 98 and 99.
(viii)	Approve the addition and spend of £0.44M in 2018/19 to the Finance programme; to be funded from council resources. As detailed in paragraph 100.
(ix)	Approve the addition and spend of £0.20M in 2018/19 to the Leaders programme; to be funded from capital receipts. As detailed in paragraph 101.
(x)	Approve the addition and spend of £1.87M in 2018/19 to the Transport programme; to be funded £1.73M from government grants and £0.14M council resources. As detailed in paragraphs 102 and 103.
(xi)	Approve the addition and spend of £4.50M in 2018/19 to the HRA programme; to be funded from MRA and council resources. As detailed in paragraphs 104 and 105 and appendix 2.
(xii)	Notes the addition of £0.24M to the programme since the last reported position in February 18, under delegated powers. As detailed in paragraph 109 and Appendix 3.
(xiii)	Approve the revised General Fund Capital Programme, which totals £196.46M (as detailed in paragraph 107) and the associated use of resources (as detailed in paragraph 110).
(xiv)	Approve the revised HRA Capital Programme, which totals £216.89M (as detailed in paragraph 114) and the associated use of resources (as detailed in paragraph 117).

#### **REASONS FOR REPORT RECOMMENDATIONS**

- |    |   |
|----|---|
| 1. | The reporting of the outturn position for 2017/18 forms part of the approval of the statutory accounts. Approval is also sought of the adjusted future years programme, following outturn, as well as for new additions and other changes to the programme. |
|----|---|

#### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

- |    |  |
|----|--|
| 2. | None as the outturn and financing for 2017/18 have been prepared in accordance with statutory accounting principles. |
|----|--|

#### **DETAIL (Including consultation carried out)**

##### **CAPITAL OUTTURN 2017/18**

- |    |  |
|----|--|
| 3. | The total General Fund capital expenditure in 2017/18 was £30.43M compared to an estimate of £48.63M, giving a variance of £18.20M or 37.43% of the programme. The variance is comprised £16.54M of slippage and £1.66M of underspends. Further detail is given from paragraph 9 |
| 4. | The total HRA capital expenditure in 2017/18 was £31.99M compared to an estimate of £44.92M, giving a variance of £12.93M or 28.78% of the programme. The variance is comprised £8.43M of slippage and £4.50M of underspends. Further detail is given from paragraph 72.         |

	The performance of individual capital programmes in 2017/18 is summarised in table 1 below.				
5.	<u>Table 1 – Summary of the General Fund &amp; HRA Capital Outturn 2017/18</u>				
	<b>Portfolio</b>	<b>Latest Programme £M</b>	<b>Actual £M</b>	<b>Variance £M    %</b>	
	Communities, Culture & Leisure	0.61	0.21	(0.40)	65.57
	Education & Childrens Social Care	12.18	7.16	(5.02)	41.22
	Environment & Transport - City Services	2.51	1.29	(1.22)	48.61
	Finance	2.43	0.22	(2.21)	90.95
	Housing & Adult Care	2.21	0.29	(1.92)	86.88
	Health & Community Safety	0.18	0.13	(0.05)	27.78
	Leaders	6.80	5.11	(1.69)	24.85
	Sustainable Living	3.14	1.51	(1.63)	51.91
	Transport	18.57	14.51	(4.06)	21.86
	<b>Total GF Capital Programme</b>	<b>48.63</b>	<b>30.43</b>	<b>(18.20)</b>	<b>37.43</b>
	<b>Total HRA Capital Programme</b>	<b>44.92</b>	<b>31.99</b>	<b>(12.93)</b>	<b>28.78</b>
	<b>Total Capital Programme</b>	<b>93.55</b>	<b>62.42</b>	<b>(31.13)</b>	<b>33.28</b>
	<b>Financed by:</b>				
	Council Resources	48.58	5.22	(24.09)	49.59
	Major Repairs Allowance		19.26		
	Capital Receipts	7.55	5.89	(1.66)	21.99
	Contributions	5.43	3.22	(2.21)	40.7
	Capital Grants	18.70	17.03	(1.67)	8.93
	Revenue Funding	13.29	11.79	(1.50)	11.29
	<b>Total Financing</b>	<b>93.55</b>	<b>62.42</b>	<b>(31.13)</b>	<b>33.28</b>
6.	Table 2 below shows the split of financing of the General Fund and HRA capital programmes.				

<u>Table 2 – Capital Financing 2017/18</u>					
		<b>General Fund</b>	<b>HRA</b>		
		<b>£M</b>	<b>£M</b>		
	Total Financing Required	<b>30.43</b>	<b>31.99</b>		
	<b>Financed By: -</b>				
	Council Resources	4.41	20.07		
	Capital Grants	16.47	0.56		
	Capital Contributions	2.84	0.38		
	Capital Receipts	2.55	3.34		
	Revenue Funding	4.16	7.64		
	<b>Total</b>	<b>30.43</b>	<b>31.99</b>		
7.	Table 3 below summarises the capital expenditure for the General Fund by Outcome.				
<u>Table 3 – General Fund Capital 2017/18 Outturn By Outcome</u>					
Outcome	Latest Programme	Actual	Variance		
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>%</b>	
Southampton is a modern, attractive city where people are proud to live and work	17.13	15.06	(2.08)	12.14	
Children in Southampton have a good start in life	13.47	8.16	(5.31)	39.42	
People in Southampton live safe, healthy independent lives	6.30	1.90	(4.40)	69.84	
Southampton is a city with strong, sustainable economic growth	9.22	5.08	(4.14)	44.9	
A modern sustainable council	2.51	0.24	(2.27)	90.44	
<b>TOTAL</b>	<b>48.63</b>	<b>30.43</b>	<b>(18.20)</b>	<b>37.43</b>	
8.	A summary of capital expenditure for the HRA is shown in the Table 4 below.				



<u>Table 4 – HRA Capital Outturn By Section</u>				
Section	Latest Programme	Actual	Variance	
	£M	£M	£M	%
Safe Wind and Weather Tight	19.68	16.25	(3.43)	17.43
Modern Facilities	4.52	4.01	(0.51)	11.28
Well Maintained Communal Facilities	4.67	2.59	(2.08)	44.54
Warm & Energy Efficient	10.54	3.52	(7.02)	66.6
Estate Regeneration & New Build	5.51	5.62	0.11	2.00
<b>TOTAL</b>	<b>44.92</b>	<b>31.99</b>	<b>(12.93)</b>	<b>28.78</b>
<b>OUTTURN VARIANCE ANALYSIS</b>				
9.	Appendix 1 shows the 2017/18 latest approved estimate compared to the actual spend.			
10.	Slippage accounted for £26.00M of the variance offset by bringing £1.03M of expenditure forward. The remaining £6.16M being true under spends. Table 5 below shows the breakdown by portfolio and Appendix 1 provides a more detailed breakdown of the variance by scheme.			
11.	<u>Table 5 – 2017/18 Variance By Portfolio</u>			

	<b>Portfolio</b>	<b>Slippage/ (Rephasing) £M</b>	<b>(Under)/ Over Spend £M</b>	<b>Variance £M</b>
	Communities, Culture & Leisure	(0.40)	0.00	(0.40)
	Education & Childrens Social Care	(3.90)	(1.12)	(5.02)
	E&T - City Services	(1.17)	(0.05)	(1.22)
	Finance	(2.21)	0.00	(2.21)
	Housing & Adult Care	(1.41)	(0.51)	(1.92)
	Health & Community Safety	(0.05)	0.00	(0.05)
	Leaders	(2.61)	0.92	(1.69)
	Sustainable Living	(1.49)	(0.14)	(1.63)
	Transport	(3.30)	(0.76)	(4.06)
	<b>GF Total</b>	<b>(16.54)</b>	<b>(1.66)</b>	<b>(18.20)</b>
	<b>HRA Total</b>	<b>(8.43)</b>	<b>(4.50)</b>	<b>(12.93)</b>
	<b>Programme Total</b>	<b>(24.97)</b>	<b>(6.16)</b>	<b>(31.13)</b>
12.	Reasons for major variances on individual schemes are given for each Portfolio below.			
	<b>COMMUNITIES, CULTURE &amp; LEISURE</b>			
13.	<u>Woodmill Outdoor Activity Centre (Slippage of £0.19M from 2017/18 to 2018/19)</u> <p>This is a capital scheme to enhance the tidal wall on the site of the activity centre. The project was grouped with other works during the procurement process to secure more favourable terms. A contractor has been appointed however the other projects included in the procurement exercise have been prioritised, based on urgency, and the start date for this project is now May 2018.</p>			
14.	<u>God's House Tower (Slippage of £0.13M from 2017/18 to 2018/19)</u> <p>A substantial renovation project is being undertaken on God's House Tower. The Council is making a modest financial contribution to aSpace to provide partial match funding for a £0.20M grant from the HLF (Heritage Lottery Fund). It should be noted that aSpace have raised £2.5M to take the project forward. This contribution will now be made in 2018/19.</p>			
15.	<u>S106 Playing Field Improvements (Slippage of £0.07M from 2017/18 to 2018/19)</u>			

	Potential options to progress the scheme are under consideration but no expenditure has been incurred in year. Budget has been slipped into 2018/19 to fund future works.
16.	<u>Outdoor Sports Centre (Rephase of £0.07M from 2018/19 to 2017/18)</u> Expenditure on professional services has been incurred during the year partly funded by a grant from Sport England. The remaining costs have been funded by the authority which requires a rephase of some the scheme budget into 2017/18.
17.	<u>Woolston Library (Slippage of £0.06M from 2017/18 in 2018/19)</u> The residual budget is expected to be utilised in 2018/19 to fund remaining retention works by March 2019.
<b>EDUCATION &amp; CHILDRENS SOCIAL CARE</b>	
18.	<u>Springwell School - Main Expansion (Slippage of £1.75M from 2017/18 to 2018/19)</u> Phase 1 works are now completed and Phase 2 has been through planning, with the tender process now complete, the contract is in the process of being awarded. Originally completion was expected in September 2018. As the scheme has slipped, to allow the completion of the tender process, arrangements were put in place to accommodate children in outreach classes (at Sholing Sure Start and the Harefield Hoppers facility) for the coming school year. This was accommodated as part of Phase 1. There are no implications on pupil places. The project is expected to be within budget and delivered by September 2019.
19.	<u>Primary Review - Fairisle Junior (Slippage of £0.70M from 2017/18 to 2018/19)</u> The original scheme was for a 4 classroom extension with a budget allocated in the region of £1.2m. The specification for this project is under review due to a reduction in anticipated pupil numbers. It is likely that a smaller scheme for a 2 classroom extension will be required, and will be reported via Council Capital Board. The project will still be delivered on time by September 2019.
20.	<u>Regents Park (Slippage of £0.75M from 2017/18 to 2018/19)</u> The scheme is for remodelling of internal spaces and modernisation and improvement of school facilities. Further work has been required at the technical design stage. Staged completion is still on track for September 2019 and September 2020.
21.	<u>Sholing Technical College Renovation (Slippage of £0.40M from 2017/18 to 2018/19)</u> Final details regarding the brief and strategy for this scheme are still being compiled following the announcement that the school is transferring to Oasis Academy Trust. In addition to the £2.472M funding, the DfE have agreed a further £2.5M funding for improvements. Therefore a review is being undertaken, by Oasis Academy Trust, to pool the funding so a single scheme

	is commissioned. The project will be delivered after conversion to academy on September 1 <sup>st</sup> 2018.
22.	<p><u>Early Years Expansion Programme (Slippage of £0.19M from 2017/18 to 2018/19)</u></p> <p>The tendering process was delayed whilst clarification of design work was obtained to meet the specification of the scheme resulting in slippage to 2018/19.</p>
23.	<p><u>Bitterne Park Secondary Building Programme (Slippage of £0.19M from 2017/18 to 2018/19)</u></p> <p>Education Skills Funding Agency provided funding for improvements including works to resolve drainage issues around standing ground water to run off onto the school playing fields. The works have been completed below budget and a programme of works to provide fencing works around the school is being drawn up to be completed in 2018/19, to utilise this ring fenced funding.</p>
24.	<p><u>Portswood Primary Expansion (Slippage of £0.15M from 2017/18 to 2018/19)</u></p> <p>The slippage is in respect of a final retainer to the contractor expected to be paid in 2018/19 once the final account has been agreed.</p>
25.	<p><u>Lordshill Academy (Slippage of £0.12M from 2017/18 to 2018/19)</u></p> <p>Oasis Lordshill are now responsible for the building and are undertaking work to remedy defects in the works following the main contractor going into receivership. The slippage on the project is to make a contribution to the costs or remedial works to be met from within the overall project costs.</p>
26.	<p><u>R&amp;M Programme (Rephasing of £0.35M from 2018/19 to 2017/18)</u></p> <p>In order to avoid disruption to schools during term time, a number of planned projects were due to be delivered within the 2018-19 summer holiday period. Some of these planned projects were completed ahead of schedule.</p>
27.	<p><u>Building for Excellence (Underspend of £1.00M)</u></p> <p>SCC Secondary Schools Programme of Immediate Works was agreed on 21/9/17 and forecast expenditure now established and this is a declared underspend and will be used to fund the major secondary expansion project.</p>
28.	<p><u>Primary Review P2 Fairisle Junior (Underspend of £0.46M)</u></p> <p>The saving on this scheme is due to a change in the specification requirements as the number of pupils anticipated was less than expected which will result in a reduction to the programme of works and associated reduction in cost. As the number of pupils changed so did the need for additional budget.</p>
29.	<p><u>Schools Devolved Capital (Overspend of £0.55M)</u></p> <p>The schools capital work programme is undertaken throughout the year and funded through devolved capital funding. As the capital is fully funded by a</p>

	<p>specific ring fenced grant. The capital spend is not included in forecasts during the year but is added to the capital financing outturn statement.</p> <p>Schools decide on the allocation of this grant and can decide to carry forward any underspend or timing of spend to complete school schemes.</p>
30.	<p><u>Primary Review Phase 2 (Underspend of £0.14M)</u></p> <p>There are small underspends against projects for Shirley Warren Primary School, Tanners Brook and Sholing Junior Schools. The projects are now completed and remaining funding is not required.</p>
31.	<p><u>Radstock Road-Loft Conversion Safeguarding (Underspend of £0.04M)</u></p> <p>As a result of changes in the number of children</p>
32.	<p><u>Secondary School Capital Maintenance – (Underspend of £0.03M)</u></p> <p>Retention is no longer due on a scheme for Chamberlayne Secondary School. This project was part of a larger overall project of £4M, and when the project was finalised there were uncertainties regarding small works that were carried out and retention of payment was required. This is no longer required, as agreement has been reached with the school.</p>
	<p><b>ENVIRONMENT &amp; TRANSPORT - CITY SERVICES</b></p>
33.	<p><u>City Pride - Improvements to Queens Park (Slippage of £0.11M from 2017/18 to 2018/19)</u></p> <p>Project relates to improvements to lighting within the park. SSE have been commissioned to undertake the works on Southampton's behalf, but cannot commit to a timescale at present and will do the work when it fits in with their own schedules. The procurement team are working with SSE to agree when the works will take place.</p>
34.	<p><u>Shoreburs Greenway Footpath (Slippage of £0.17M from 2017/18 to 2018/19)</u></p> <p>Project was due to start in July, but as a result of delays to The Common play area project, commencement was delayed. This has resulted in slippage into 2018/19.</p>
35.	<p><u>Alternative Weekly Collection (AWC) Implementation Works (Slippage of £0.12M from 2017/18 to 2018/19)</u></p> <p>The AWC implementation plan included a capital budget for the purchase of a reactive vehicle, to support collections and manage fly tip/side waste. The vehicle has been ordered and is currently awaiting delivery.</p>
36.	<p><u>Tree Surgery Mobile Elevated Working Platform (MEWP), and Wild Flower Mower (Slippage of £0.10M from 2017/18 to 2018/19)</u></p> <p>MEWP and Wild Flower mower were approved in Summer 2017. Soft market testing is underway with a view to placing the orders in 2018/19.</p>
37.	<p><u>Blechynden Terrace Park (Slippage of £0.19M from 2017/18 to 2018/19)</u></p> <p>The project was tendered in June 2017, with no bids received. The procurement was retendered in June 2018, which has resulted in a preferred</p>

	bidder and signoff is expected July 2018. This means that the project will slip into 2018/19.
38.	<p><u>Other minor parks developments (Slippage of £0.26M from 2017/18 to 2018/19)</u></p> <p>There are a number of minor parks development projects that have either not yet commenced, or are in progress. Timescales can be affected by securing of funding from external bodies prior to commencement of works in some cases, and resourcing issues to be resolved through phase 3 restructuring and the introduction of the minor works team. These projects therefore require slippage into 2018/19.</p>
39.	<p><u>Play Area improvements (Slippage of £0.23M from 2017/18 to 2018/19)</u></p> <p>There are a number of play area improvement projects that have either not yet commenced, or are in progress. Timescales have been affected by resourcing issues to be resolved through phase 3 restructuring and the introduction of the minor works team. These projects therefore require slippage into 2018/19.</p>
40.	<p><u>Central Depot (£0.04M Underspend)</u></p> <p>The project has now been completed with a small underspend arising from unused contingency in the budget.</p>
	<b>FINANCE</b>
41.	<p><u>Desktop Refresh Programme (Slippage of £0.18M from 2017/18 to 2018/19)</u></p> <p>Current year spend has been on hold pending completion of the desktop estate and volumes review which could impact the phasing and cost of the refresh programme. The refresh programme will recommence once future plans for the desktop estate are agreed, to include the management of any future pressure from potential price increases.</p>
42.	<p><u>Digital Investment Phase 2 (Slippage of £2.15M from 2017/18 to 2018/19)</u></p> <p>Having delivered the first wave of digital transformation the council is now looking to reprioritise its capital investment on broader organisational wide initiatives with a focus on deeper integration of systems and applications that will significantly increase efficiency, e.g. further investment in an holistic ERP solution, a refocus of customer relationship platforms and applications and a rationalisation of infrastructure, data storage and software applications. Slippage has occurred pending completion of the reprioritisation and planning process.</p>
	<b>HOUSING &amp; ADULT CARE</b>
43.	<p><u>Integrated Working (Slippage of £0.28M from 2017/18 to 2018/19 and £0.10M underspend in 2017/18)</u></p> <p>This project was delayed due to reviewing the future requirements of delivering the system. Therefore the staffing costs will slip to 2018/19.</p> <p>The Integration budget included the implementation of Personal Demographics Service (PDS) and was quoted at £0.10M. At the time the</p>

	PDS investment was agreed the council had not taken the decision to procure a new client case management (CCM) system. It therefore made business sense to integrate the PDS work as part of the CCM project not Paris 6.1.
44.	<u>Support for Estate Regeneration (Slippage of £0.93M from 2017/18 to 2018/19)</u> This project is funded through S106 agreement and is part of a scheme for new properties to be leased to/from a third party provider at Townhill Park (THP). Further consultation is required as part of the wider THP scheme and is dependent on the bigger scheme and therefore the project needs slipping to 2018/19.
45.	<u>Telecare Equipment - £0.40M underspend</u> The capital provision for the purchase of telecare equipment has been reduced in 2017/18, as fewer than expected new devices were required due to using existing stock and a lower than forecast number of installations. There is sufficient budget in 2018/19 to cover demand.
	<b>HEALTH &amp; COMMUNITY SAFETY</b>
46.	<u>CCTV Cameras (Slippage of £0.01M from 2017/18 to 2018/19)</u> Some of the planned works have been delayed, partly due to the weather. Works will continue into 2018/19 on the approved schemes funded by specific S106 funding.
47.	<u>S106 Centenary Quay (Slippage of £0.04M from 2017/18 to 2018/19)</u> This project relates to Centenary Quay S106 Funding for Health Practice Facility Improvements in the Woolston Area. Works to update NHS properties is controlled externally by individual practices and costs are reimbursed once projects are completed. The works are to continue into 2018/19.
	<b>LEADERS</b>
48.	<u>Hampshire Community Bank (Slippage of £1.00M from 2017/18 to 2018/19)</u> This project is being considered as part of the annual year end review of the capital programme, so at this present time it has been slipped into 2018/19.
49.	<u>Bitterne Public Services Hub (Slippage of £0.24M from 2017/18 to 2018/19)</u> This scheme is one of the Council's Executive Commitments to establish a new Public Sector Community Hub incorporating a Leisure Facility, Library and a Public Service Access point. This project will continue into 2018/19 on to the next stage requiring an Outline Business Case for the development to be produced and the remaining 2017/18 budget to be slipped into 2018/19.
50.	<u>Enterprise Centre (Slippage of £1.26M from 2017/18 to 2018/19)</u> This scheme is progressing forward with the contract to lease being signed in early April 2018. Planning permission for change of use has been approved

	with fit out works to take place in 2018/19 requiring the remaining 17/18 budget to be slipped into 2018/19.
51.	<u>Northern Above Bar, Guildhall Square (£0.20M Underspend)</u> Provision for property enhancements no longer required. No further spend expected so an underspend has been declared on this project in 2017/18
52.	<u>Station Quarter Southside (£0.10M Underspend)</u> This project has not yet commenced and has been reviewed. The review proposes that this project is not progressed in isolation but should be incorporated into future plans as part of the Central Business District. Therefore an underspend has been declared in 2017/18.
53.	<u>Southampton New Arts Centre – Developer Payments (£0.10M Underspend)</u> Agreement has been reached with the developer where by the final lease premium payment of £0.10M is now not required and the remaining funding has been declared as an underspend.
54.	<u>Southampton New Arts Centre (Studio 144) (£1.44M Overspend)</u> The tenants formally took occupation of the North building on the 24th November 2017 and the South Building on the 23rd March 2018.  The overspend to the scheme has been driven by the recent award by the Contract Administrator in regard to Extension of Time claims submitted by the Fit-out Contractor. The award for the South Building is primarily referencing the substantial flooding of the South Building and the consequences of the building contractor being on site at the same time as the fit-out contractor. The award for the North Building is primarily referencing the issues with the design of the Primary Containment and the subsequent impacts to the fit-out contractor. Further claims have been raised regarding the installation of Lifts during the project and the Council are awaiting the particulars to be issued to the Contract Administrator for assessment. The final account and all claims were received by the Council in May 2018. These are currently being assessed by the Contract Administrator and the Council's Quantity Surveyor. Once this process is complete the amount of additional funding required to complete the scheme will be known. In June 2018 the Council received a grant payment from Arts Council England for the project which will be used to part fund any remaining expenditure in 2018/19.  In November 2016, the Chancellor announced an additional £1.6M in government grant funding for the scheme, as part of the Autumn Statement. This has been used to fund expenditure in 2017/18 along with an insurance rebate of £0.03M. The residual overspend in 2017/18 is to be funded from Council Resources.
	<b>SUSTAINABLE LIVING</b>
55.	<u>Disabled Facilities Grants (Slippage of £1.14M from 2017/18 to 2018/19 and 2019/20)</u>



	<p>Although grants are approved within the first year of funding, the timescale for each individual case varies and the completion of work can take up to 3 years. As payment is not made until after work is completed, the Disabled Facilities Grant can take up to three years to be spent and the profile of slippage reflects this time lag. This process will be reviewed in 2018/19.</p>
56.	<p><u>Green Projects (Slippage of £0.22M from 2017/18 to 2018/19, 2019/20 and 2020/21)</u></p> <p>These funds have been earmarked to support the Southampton Healthy Homes Project over the next three years. Additional national funding has been secured to support this work.</p>
57.	<p><u>Insulation and Fuel Poverty Initiatives (Slippage of £0.06M from 2017/18 to 2018/19)</u></p> <p>Funding of work carried out by the Environment Centre for fuel poverty works. Because the Environment Centre lead on the works, and spend is demand led, slippage is outside of our control. These funds will be required to support works through 2018/19.</p>
58.	<p><u>Salix schemes (Slippage of £0.04M from 2017/18 to 2018/19)</u></p> <p>Of the three Salix schemes on the programme, two have been discontinued (IT server room and Insulation Works). The funds for these are to be used to fund the Civic Centre Lighting upgrade work which will continue into 2018/19.</p>
59.	<p><u>Priory Road Property Level Protection Scheme (Under spend of £0.06M)</u></p> <p>This project is nearing completion with the works not costing as much as originally expected. This is partially because the actual number of properties falling under the scheme was 6 properties less than estimated, and partially due to economies of scale in cost of works compared to original quotations. There is a small slippage into next year (&lt;£0.01M) for the final surveys to be completed which will be funded by a final grant claim to be submitted to The Environment Agency.</p>
60.	<p><u>Disabled Facilities Grants Approved in 2015/16 (Under spend of £0.02M)</u></p> <p>There are no more expected payments from this tranche of grant applications.</p>
61.	<p><u>Home Improvement Loans/Disabled Facilities Grant Repayments (Underspend of £0.05M)</u></p> <p>This budget represents the residual balance of Home Improvement Loans repaid to the Council. No capital expenditure has been identified against this repayment in 2017/18.</p>
	<p><b>TRANSPORT</b></p>
62.	<p><u>Highways (Underspend of £0.76M in 2017/18)</u></p> <p>The underspend is a result of projects being completed by the Highways partner below the agreed target price. This has mainly occurred in the roads scheme due to allowances and contingent costs included in the target price</p>

	<p>being lower than expended or not materialising. The reasons for this can vary from scheme to scheme but key differences have resulted from:</p> <ul style="list-style-type: none"> <li>• allowances for widespread poor ground conditions, based on core samples, where in reality the depth of road reconstruction didn't need to be so extensive,</li> <li>• allowances for the costly disposal of a historically used contaminated material but the extent of usage was less than expected,</li> <li>• and allowances for inclement weather and a high water table which was better than expected.</li> </ul>
63.	<p><u>Bridges (Slippage of £0.29M from 2017/18 to 2018/19)</u></p> <p>There is a slippage of £0.25M for Bridge Maintenance projects primarily on the Redbridge and Millbrook Flyovers of £0.15M. The main bulk of works are in place but testing is continuing so the budget needs to be slipped to fund works in 2018/19.</p> <p>The remaining bridge maintenance slippage of £0.10M is on the Northam River Bridge Containment project due to the delay in tendering for the works. The contract has recently been awarded and the works are to commence in June 2018.</p> <p>There is also a £0.04M slippage on the B2P Bridge Scheme as a previously anticipated retention payment is no longer required to be made. This funding will be utilised on currently unfunded but necessary bridge works in 2018/19.</p>
64.	<p><u>Car Parking (Slippage of £0.11M from 2017/18 to 2018/19)</u></p> <p>There is a slippage of £0.06M on emergency repairs to Council Car Parks. Due to the unpredictable nature of emergency repairs in terms of the timing and scope required it is necessary to have the full budget scheme budget on hand to fund works as they arise. The budget was not fully utilised in 2017/18 so the remaining balance needs to be slipped into 2018/19.</p> <p>There is a slippage of £0.05M on the project to automate access barriers to four car parks as this project required input from a number of different services to ensure successful implementation. The procurement of this work is underway and is due to commence once a contractor has been appointed. It is anticipated the budget will be fully utilised in 2018/19.</p>
65.	<p><u>Integrated Transport (Slippage of £0.71M from 2017/18 to 2018/19)</u></p> <p>The slippage is made up of £0.36M on congestion reduction schemes, £0.18M on cycling schemes and £0.17M on Accessibility schemes.</p> <p>The congestion reduction slippage comes primarily from the Hospital Access Improvement project on Coxford Road being delayed due to the presence on major utilities on the road that require preliminary works. These will be completed in 2018/19 and then the project will commence.</p> <p>The cycling schemes slippages have primarily been caused by the programme being altered to take account of the Millbrook roundabout project where many routes are required as diversion routes. Works will proceed later in 2018/19.</p> <p>The accessibility scheme slippage is to be used as match funding for the A3024 Bursledon Road project in 18/19 and to complete works in Oxford</p>

	Street which has been delayed by a longer than anticipated procurement process of necessary materials.
66.	<p><u>Highways (Slippage of £1.56M from 2017/18 to 2018/19)</u></p> <p>The slippage is made up of a number projects but the majority relates to funding for unclassified road schemes, highway improvements and the Millbrook roundabout scheme.</p>
67.	<p><u>Anti-terrorist measures (Slippage of £0.74M from 2017/18 to 2018/19)</u></p> <p>The scope of the scheme was increased in 2017/18 to include the installation of bollards at Guildhall Square. The construction has yet to start as the design and planning of the measures has taken longer than initially anticipated. Construction is due to start and is expected to be completed in 2018/19. The current temporary measures will remain in place until they are replaced with permanent structures that are more aesthetically pleasing.</p>
68.	<p><u>Highways Improvements (Slippage of £0.28M from 2017/18 to 2018/19)</u></p> <p>There is slippage of £0.28M on Highways Improvements developer contribution funded projects. This is due to the ongoing detailed design work for site specific agreements and negotiating with the Council's partner on better construction costs. This has delayed the completion of 2017/18 works until 2018/19.</p>
69.	<p><u>Millbrook Roundabout (Slippage of £0.25M from 2017/18 to 2018/19)</u></p> <p>There is slippage of £0.25M on the Millbrook Roundabout project. Design of the scheme has commenced but construction has been delayed until September 2018 to avoid congestion in the city while other major works are taking place.</p>
70.	<p><u>Other Highways (Slippage of £0.28M from 2017/18 to 2018/19)</u></p> <p>Various other Highways scheme slippages due to projects not being completed in year. There is £0.04M slippage on the Footways project due to not all footway works being carried out as originally planned within allotted timeframes.</p> <p>There is slippage of £0.11M on the Cycleways Improvements Programme project due to delays in the commencement of design works on the Southampton Cycle Network 2 &amp; 11. Construction works have now been moved into 2018/19.</p> <p>There is a small slippage of £0.07M on the Highways Drainage Investigations project due to unforeseen bad weather conditions during the year.</p> <p>There is an additional small slippage on street lights rolling programme of £0.06M.</p>
71.	<p><u>Other Environment (Slippage of £0.66M from 2017/18 in 2018/19)</u></p> <p>The slippage is to fund the purchase of new a refuse vehicle and other vans which are currently in the process of being procured as part of the vehicle replacement programme.</p>

	<b>HRA</b>
72.	<p>In partnership with Hampshire Fire and Rescue Service, additional Fire Safety works have been agreed to ensure all council owned tower blocks over 30 metres are fitted with sprinklers, alongside other fire safety works including the upgrading and replacement of communal fire doors, flat front doors and fire stopping. As a result, a number of schemes within the approved capital programme have been reviewed and the programme of works reduced to enable funding to be reprioritised ensuring that the resources are available to enable these works to be delivered. The schemes are listed below:</p> <ul style="list-style-type: none"> <li>• Insulation Works - City Wide (Underspend of £0.07M) – reduction in programme of works.</li> <li>• Renew Warden Alarm (Underspend of £0.08M) – reduction in programme of works.</li> <li>• External Windows and Doors (Underspend of £0.90M) – work is demand and weather dependant. Programme of works re prioritised.</li> <li>• Estate Improvement Programme (EIP) (Underspend of £0.03M) – reduction in programme of works.</li> <li>• Roofing (Underspend of £3.26M) – Delivery of required works reviewed. New contractor to undertake works on a city wide basis allowing review of programme of works.</li> <li>• Erskine Court Rebuild (Underspend of £0.17M) – works completed under budget.</li> </ul>
73.	<p><u>Decent Neighbourhoods - Shirley (Slippage of £0.06M from 2017/18 to 2018/19)</u></p> <p>Due to weather delays, sites have not been cleared enough to progress the final stages of the project as multiple contractors are still working in the area.</p>
74.	<p><u>ECO (Slippage of £6.93M from 2017/18 to 2018/19)</u></p> <p>ECO Project has been delayed as British Gas have withdrawn from contract. Awaiting revaluation of options for this project.</p>
75.	<p><u>External Wall Insulation - Kingsland Estate (Slippage of £0.13M from 2017/18 to 2018/19)</u></p> <p>Remedial works are expected relating to the fitting of windows and wall insulation at International Way. Budget has been slipped to meet these costs.</p>
76.	<p><u>Door Entry Systems (Slippage of £0.01M from 2017/18 to 2018/19)</u></p> <p>Increase in work programme for Door Installation anticipated for Thruxton Court in 2018/19. Additionally, as the programme is reactive and demand led the budget has been slipped to meet the demand for future works that are expected.</p>
77.	<p><u>Estate Regeneration Woodside/Wimpson (Slippage of £0.02M from 2017/18 to 2018/19)</u></p>

	The original assumption was that main works on site would commence in February 2018. However, as the contract for works was not signed until December 2017 the programme of works has slipped into 2018/19.
78.	<u>Estate Regeneration City Wide Framework (Slippage of £0.08M from 2017/18 to 2018/19)</u> The programme of works for Modular Housing is matched funded by the Solent Local Enterprise Partnership. This funding has been re profiled to 2018/19 to allow resources to be prioritised on projects that have started. As a result the programme of works has slipped into 2018/19.
79.	<u>Roads/Paths/Hard Standing (Slippage of £0.01M from 2017/18 to 2018/19)</u> Slippage due to delays arising from an ongoing discussions with the supplier over additional costs to provide design and cost information which should be part of the agreed retainer.
80.	<u>Decent Neighbourhoods - Cuckmere Lane (Slippage of £0.43M from 2017/18 to 2018/19)</u> Ongoing drainage issues and a change in design of road construction due to inadequate sub base have led to work being delayed until 2018/19.
81.	<u>Decent Neighbourhoods - Thornhill (Slippage of £1.20M from 2017/18 to 2018/19)</u> This project is linked to the ECO project. Work will start on this project once the revaluation of options for the ECO Project has been evaluated.
82.	<u>Townhill Park Regeneration (Re-phase of £0.44M from 2018/19 to 2017/18)</u> Building work started on Plot 1 sooner than anticipated. This made it necessary to bring forward funds into 2017/18.
83.	The revised estimates for 2018/19, adjusted for slippage and re-phasing and changes to programme are shown in Appendix 3.
84.	Any over spends on individual schemes are financed from identified additional funding or from savings elsewhere in the programme. Portfolios are required to balance their capital programmes within the resources available to them and this may result in reduced outputs where an over spend results in reductions being made elsewhere in the programme.
85.	The impact of scheme variances for 2017/18 on future years' capital expenditure will be reported to Council Capital Board and will feed into future capital programme updates aligned to Council Priorities and Outcomes.
	<b>PRUDENTIAL INDICATORS</b>
86.	The Prudential Code requires the Prudential Indicator for Actual Capital Expenditure to be reported against the estimates previously reported. The estimates shown in the following table are those reported to Council as part

	of the February 2018 Annual Treasury Management Strategy and Prudential Limits report.						
87.	<u>Table 6 – Figures for Prudential Indicators</u>						
	<b>Actual</b>	<b>Estimates</b>					
	<b>2017/18 £M</b>	<b>2017/18 £M</b>	<b>2018/19 £M</b>	<b>2019/20 £M</b>	<b>2020/21 £M</b>	<b>2021/22 £M</b>	
General Fund	30.43	48.44	68.78	23.98	23.75	29.48	
HRA	31.99	44.92	53.12	41.15	43.69	34.01	
<b>TOTAL</b>	<b>62.42</b>	<b>93.36</b>	<b>121.90</b>	<b>65.13</b>	<b>67.44</b>	<b>63.49</b>	
88.	The reason for the difference between the estimate for 2017/18 in Table 6 above and the estimate shown elsewhere in this report is due to a number of small changes to the programme being approved between the Treasury Management Strategy report being written and approved in February and the end of the financial year in March, these are detailed in paragraph 105 and Appendix 3.						
89.	<u>Table 7 – Updated Figures for Prudential Indicators</u>						
	<b>Actual</b>	<b>Estimates</b>					
	<b>2017/18 £M</b>	<b>2018/19 £M</b>	<b>2019/20 £M</b>	<b>2020/21 £M</b>	<b>2021/22 £M</b>		
General Fund	30.43	87.70	25.05	23.80	29.48		
HRA	31.99	66.05	41.15	43.69	34.01		
<b>TOTAL</b>	<b>62.42</b>	<b>153.75</b>	<b>66.20</b>	<b>67.49</b>	<b>63.49</b>		
90.	This indicator for 2018/19 to 2021/22 has been updated in Table 7 above, to reflect the changes made within this report. The Treasury Management Outturn 2017/18 report, elsewhere on the Council Agenda, contains details of the other Prudential Indicators.						
	<b>CAPITAL PROGRAMME FUNDING</b>						
91.	The current Capital Strategy was approved by Full Council in February 2018. This includes the process for implementing and approving changes to the						

	current capital programme and for allocating funding to new schemes linked to the Council's key strategic priorities and outcomes.						
92.	Funding for the capital programme has previously been heavily reliant on capital receipts from the sale of council properties. These receipts have always had a degree of uncertainty regarding their amount and timing, but the economic climate has increased the Council's risk in this area.						
93.	Table 8 below shows the previous and current capital receipt assumptions, together with the actual receipts received in year for the General Fund. It should be noted that both the previous and latest forecast positions have been adjusted to remove receipts for properties not yet on the market.						
94.	<b>Table 8 – General Fund Capital Receipts Estimates</b>						
		<b>2017/18 £M</b>	<b>2018/19 £M</b>	<b>2019/20 £M</b>	<b>2020/21 £M</b>	<b>2021/22 £M</b>	<b>Total £M</b>
	Actual 2017/18 /Latest Forecast	3.34	15.21	0.00	0.00	0.00	18.48
	Previous Forecast	17.77	0.78	0.00	0.00	0.00	18.48
	<b>Variance</b>	<b>(14.43)</b>	<b>14.43</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
95.	The variance in 2017/18 is due to a number of disposals which have slipped into 2018/19 due to extended negotiations on a number of contracts. The Council Capital Board is receiving monthly reports on the progress of sales of land and property to generate the required capital receipts to fund the programme. The Capital Funding Risk Reserve has been set up to mitigate the risk of reduced capital receipts, that have been identified to support the capital programme.						
	<b>PROPOSED PROGRAMME CHANGES FOR APPROVAL</b>						
	<u>Communities, Culture &amp; Leisure Programme</u>						
96.	<u>Outdoor Sports Centre Improvements (Increase £0.07M in 2018/19)</u> Following a successful grant bid from the Park Life Programme, approval is sought for the addition of £0.07M to the Communities, Culture & Leisure programme and approval to spend this sum, funded by grants. This will be added to the existing project to fund and develop plans to improve the facilities at the Outdoor Sports Centre.						
	<u>Education &amp; Children's Social Care Programme</u>						
97.	<u>St Deny's Primary (Increase of £0.80M in 2018/19)</u> Approval is sought for the addition of £0.80M to the Education & Children's Social Care programme and approval to spend this sum, funded by government grants. This is the council's contribution towards a larger						

	Education and Skills Funding Agency (ESFA) Priority Schools Building project to rebuild the school.
	<u>Environment &amp; Transport - City Services Programme</u>
98.	<p><u>The Common Play Area (Increase of £0.04M in 2017/18)</u></p> <p>Approval is sought for the addition of £0.04M to the E&amp;T - City Services programme and approval to spend this sum, funded by S106 contributions. This Play Area has recently been opened after heavy Autumn use there are areas that require further attention before possible heavy use during school Easter holidays. The funding has been approved from S106 developer contributions of £0.04M will enable this play area to cope with the anticipated heavy use, providing a fantastic facility in a safe and attractive modern city.</p>
99.	<p><u>Riverside Park (Increase of £0.01M in 2018/19)</u></p> <p>Approval is sought for the addition of £0.01M to the E&amp;T - City Services programme and approval to spend this sum, funded by external contributions. The Friends of Riverside Park have undertaken fundraising to expand the existing scheme.</p>
	<u>Finance Programme</u>
100.	<p><u>Smarter Ways of Working (Increase of £0.44M in 2018/19)</u></p> <p>Approval is sought for the addition of £0.44M to the Finance programme and approval to spend this sum, funded by council resources.</p> <p>Approval is also sought for the virement of £0.51M from the existing accommodation projects within the finance programme, to allow a coordinated approach to improving working environments for staff and providing the tools to maintain a modern, sustainable council.</p>
	<u>Leaders Programme</u>
101.	<p><u>Enterprise Centre (Increase of £0.20M in 2018/19)</u></p> <p>Approval is sought for the addition of £0.20M to the existing scheme budget of £1.38M within the Leaders Capital Programme and for approval to spend this sum in 2018/19, to be funded from Capital Receipts. The additional funding is required due to an increase in costs following the completion of detailed design work and a requirement from the landlord to include a sprinkler system to enhance fire safety in the centre.</p>
	<u>Transport Programme</u>
102.	<p><u>Clean Air Zone – Cycling Infrastructure (Increase £1.73M in 2018/19)</u></p> <p>Approval is sought for the addition of £1.73M to the Transport Programme and for approval to spend this sum in 2018/19, to be funded from government grants. This will allow work on two major corridors of the city and focus on supporting the priority outcomes identified in the Southampton Cycle Strategy and Clean Air Strategy.</p>
103.	<u>Vehicle Purchase (Increase £0.14M in 2017/18)</u>



	Approval is sought for the addition of £0.14M to the Transport Programme and for approval to spend this sum in 2018/19, to be funded from government grants. This will be added to the existing project to allow the purchase of two tractors, which will support the Commercial Services Schools Grounds team.																					
	<u>HRA Programme</u>																					
104.	<p><u>Fire Safety (Increase of £8.41M in 2018/19)</u></p> <p>Approval is sought for the addition of £8.41M to the HRA Capital Programme and for approval to spend this sum in 2018/19, to be funded from Council Resources. Additional Fire Safety works has led to a reprioritisation of the capital programme to enable the resources to be available to enable this to be delivered as noted in paragraph 72 above.</p>																					
105.	<p><u>Other Budget Alignments (Net decrease £3.91M in 2018/19)</u></p> <p>Following the outturn position for 2017/18 being finalised, the review of the 2018/19 work plan has taken place. This has meant that the budgetary requirements for certain schemes has been revised, hence the requirement for a revised programme, as per Appendix 2 and summarised below.</p> <table border="1"> <thead> <tr> <th>Summary</th> <th>£M</th> </tr> </thead> <tbody> <tr> <td>Estate Regeneration and New Build</td> <td>1.57</td> </tr> <tr> <td>Safe Wind &amp; Weather Tight</td> <td>(0.53)</td> </tr> <tr> <td>Modern Facilities</td> <td>(1.88)</td> </tr> <tr> <td>Well Maintained Communal Facilities</td> <td>(1.20)</td> </tr> <tr> <td>Warm &amp; Energy Efficient</td> <td>(1.87)</td> </tr> <tr> <td><b>Increase/(Decrease)</b></td> <td><b>(3.91)</b></td> </tr> </tbody> </table>	Summary	£M	Estate Regeneration and New Build	1.57	Safe Wind & Weather Tight	(0.53)	Modern Facilities	(1.88)	Well Maintained Communal Facilities	(1.20)	Warm & Energy Efficient	(1.87)	<b>Increase/(Decrease)</b>	<b>(3.91)</b>							
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<b>OVERALL CAPITAL PROGRAMME</b>																						
106.	The table below shows a comparison of the latest forecast planned General Fund capital programme for the period 2017/18 to 2021/22, including any amendments noted elsewhere within this report, compared to the previously reported programme.																					
107.	<p><u>Table 9 – General Fund Programme Comparison</u></p> <table border="1"> <thead> <tr> <th></th> <th>2017/18</th> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> <th>2021/22</th> <th>Total</th> </tr> <tr> <th></th> <th>£M</th> <th>£M</th> <th>£M</th> <th>£M</th> <th>£M</th> <th>£M</th> </tr> </thead> <tbody> <tr> <td>Latest Programme</td> <td>30.43</td> <td>87.70</td> <td>25.05</td> <td>23.80</td> <td>29.48</td> <td><b>196.46</b></td> </tr> </tbody> </table>		2017/18	2018/19	2019/20	2020/21	2021/22	Total		£M	£M	£M	£M	£M	£M	Latest Programme	30.43	87.70	25.05	23.80	29.48	<b>196.46</b>
	2017/18	2018/19	2019/20	2020/21	2021/22	Total																
	£M	£M	£M	£M	£M	£M																
Latest Programme	30.43	87.70	25.05	23.80	29.48	<b>196.46</b>																

	Previous Programme	48.44	68.78	23.98	23.75	29.48	<b>194.43</b>
	<b>Variance</b>	<b>(18.01)</b>	<b>18.92</b>	<b>1.07</b>	<b>0.05</b>	<b>0.00</b>	<b>2.03</b>
108.	The above table shows that the General Fund capital programme has increased by £2.03M to £196.46M.						
109.	There have been a number of Delegated Decision Notices (DDN) since the previous programme, totalling £0.14M in 2017/18 and £0.10M in 2018/19. These additions are detailed in Appendix 3.						
110.	Table 10 shows the use of resources to finance the General Fund Capital Programme up to and including 2021/22.						
	<u>Table 10 – Use of Resources</u>						
		<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>
		<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
	Council Resources	6.96	48.08	4.41	17.83	29.48	<b>106.76</b>
	Contributions	2.84	6.83	0.00	0.00	0.00	<b>9.67</b>
	Capital Grants	16.47	28.50	20.38	5.70	0.00	<b>71.05</b>
	DRF (Portfolios)	4.16	4.29	0.26	0.27	0.00	<b>8.98</b>
		<b>30.43</b>	<b>87.70</b>	<b>25.05</b>	<b>23.80</b>	<b>29.48</b>	<b>196.46</b>
111.	It should be noted that the revised General Fund Capital Programme is based on prudent assumptions of future government grants to be received. The majority of these grants relate to funding for schools and transport and are unringfenced. However in 2016/17 these grants have been passported to these areas. The grants are predominately in relation to the schools programme and allocation of the Schools Basic Needs and Conditions Grants.						
112.	Table 10 demonstrates that the most significant amount for funding is provided by Council Resources, which at present, will be mainly through borrowing. Borrowing costs are in the main met within a central provision.						
	<b>HRA</b>						
113.	Table 11 below shows a comparison of the latest forecast planned HRA capital programme for the period 2017/18 to 2021/22, including any amendments noted elsewhere within this report, compared to the previously reported programme.						

114.	<u>Table 11 – HRA Programme Comparison</u>						
		<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>
		<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
	Latest Programme	31.99	66.05	41.15	43.69	34.01	<b>216.89</b>
	Previous Programme	44.92	53.12	41.15	43.69	34.01	<b>216.89</b>
	<b>Variance</b>	<b>(12.93)</b>	<b>12.93</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

115. The above table shows that the HRA Capital Programme has remained at £216.89M.

116. Table 12 shows the use of resources to finance the HRA Capital Programme up to and including 2021/22.

117.	<u>Table 12 – Use of Resources</u>						
		<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>
		<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
	Council Resources	4.15	34.12	16.21	11.05	1.66	<b>67.19</b>
	Contributions	0.38	1.68	0.00	0.00	0.00	<b>2.06</b>
	Capital Grants	0.56	0.00	0.00	0.00	0.00	<b>0.56</b>
	DRF	7.64	10.49	1.46	10.17	11.25	<b>41.01</b>
	MRA	19.26	19.76	23.48	22.47	21.10	<b>106.07</b>
		<b>31.99</b>	<b>66.05</b>	<b>41.15</b>	<b>43.69</b>	<b>34.01</b>	<b>216.89</b>

## RESOURCE IMPLICATIONS

### Capital/Revenue

118. This report principally deals with capital and the implications are set out in the main body of the report. In addition any revenue consequences arising from new capital schemes are considered as part of the approval process for each individual scheme.

119. The revenue cost implications arising from borrowing, to support the capital programme, are considered as part of the annual revenue budget setting meetings. Table 13 below provides a summary of the estimated revenue cost

	<p>implications of borrowing for the updated programme included within this report.</p> <p>It should be noted that costs are based on full year effect following year of spend and using short term borrowing rates for 2018/19. Provision for the costs in Table 13 below have been included in the Medium Term Financial Strategy (MTFS) approved by Council in February 2018.</p>																																																															
120.	<p><b>Table 13 – Revenue Cost Implications of Borrowing</b></p> <table border="1"> <thead> <tr> <th></th> <th>2017/18</th> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> <th>2021/22</th> <th>2022/23</th> </tr> <tr> <th></th> <th>£M</th> <th>£M</th> <th>£M</th> <th>£M</th> <th>£M</th> <th>£M</th> </tr> </thead> <tbody> <tr> <td colspan="7"><b>Assumptions</b></td> </tr> <tr> <td>Additional Borrowing Requirement</td> <td>5.22</td> <td>60.58</td> <td>20.62</td> <td>27.92</td> <td>29.48</td> <td>-</td> </tr> <tr> <td>Assumed Interest Rate Borrowing</td> <td>-</td> <td>1.05%</td> <td>2.91%</td> <td>3.04%</td> <td>3.24%</td> <td>3.49%</td> </tr> <tr> <td colspan="7"><b>Revenue Implications</b></td> </tr> <tr> <td>Minimum Revenue Provision (MRP) based on annuity assumptions. Cumulative from 2017/18</td> <td>-</td> <td>0.09</td> <td>0.69</td> <td>0.78</td> <td>1.07</td> <td>1.46</td> </tr> <tr> <td>Interest - Cumulative from 2017/18</td> <td>-</td> <td>0.01</td> <td>0.19</td> <td>0.25</td> <td>0.34</td> <td>0.45</td> </tr> <tr> <td><b>Total Revenue Cost Implications</b></td> <td><b>-</b></td> <td><b>0.09</b></td> <td><b>0.88</b></td> <td><b>1.04</b></td> <td><b>1.42</b></td> <td><b>1.91</b></td> </tr> </tbody> </table>		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23		£M	£M	£M	£M	£M	£M	<b>Assumptions</b>							Additional Borrowing Requirement	5.22	60.58	20.62	27.92	29.48	-	Assumed Interest Rate Borrowing	-	1.05%	2.91%	3.04%	3.24%	3.49%	<b>Revenue Implications</b>							Minimum Revenue Provision (MRP) based on annuity assumptions. Cumulative from 2017/18	-	0.09	0.69	0.78	1.07	1.46	Interest - Cumulative from 2017/18	-	0.01	0.19	0.25	0.34	0.45	<b>Total Revenue Cost Implications</b>	<b>-</b>	<b>0.09</b>	<b>0.88</b>	<b>1.04</b>	<b>1.42</b>	<b>1.91</b>
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23																																																										
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<b><u>Property/Other</u></b>																																																																
121.	There are no specific property implications arising from this report other than the schemes already referred to within the main body of the report.																																																															
<b>LEGAL IMPLICATIONS</b>																																																																
<b><u>Statutory power to undertake proposals in the report:</u></b>																																																																
122.	Financial reporting is consistent with the Chief Financial Officer's duty to ensure good financial administration within the Council. The Capital Outturn Report is prepared in accordance with the Local Government Acts 1972 – 2003.																																																															
<b><u>Other Legal Implications:</u></b>																																																																
123.	None directly, but in preparing this report, the Council has had regard to the Human Rights Act 1998, the Equality Act 2010, the duty to achieve best value and statutory guidance issued associated with that, and other associated legislation.																																																															
<b>RISK MANAGEMENT IMPLICATIONS</b>																																																																

124.	None.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
125.	The outturn for 2017/18 forms part of the overall statutory accounts.
<b>CONSULTATION</b>	
126.	<p>Service Directors, Service Leads and Project Managers have been consulted in preparing the reasons for variations.</p> <p>The General Fund and HRA capital programme outturn summarises additions to the capital programme and slippage and rephasing since the last approved programme reported in February 2018. Each addition has been subject to the relevant consultation process which reflects the role played by Council Capital Board. The content of this report has been subject to consultation with Finance Officers for each service.</p>

<b>KEY DECISION?</b>	Yes/No	
<b>WARDS/COMMUNITIES AFFECTED:</b>	NONE	
<b><u>SUPPORTING DOCUMENTATION</u></b>		
<b>Appendices</b>		
1.	Scheme Budget Variances 2017/18	
2.	Revised Estimates 2018/19	
3.	Variations to 2017/18 Since February 18 Update	
<b>Documents In Members' Rooms</b>		
1.		
2.		
<b>Equality Impact Assessment</b>		
Do the implications/subject of the report require an Equality and Safety Impact Assessments (ESIA) to be carried out.		Yes/No
<b>Privacy Impact Assessment</b>		
Do the implications/subject of the report require a Privacy Impact		Yes/No

Assessment (PIA) to be carried out.		
<b>Other Background Documents</b> <b>Equality Impact Assessment and Other Background documents available for inspection at:</b>		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.		
2.		

### SCHEME BUDGET VARIANCES 2017/18

#### COMMUNITIES, CULTURE & LEISURE

Scheme No.	Description	Budget 2017/18 £M	Actual 2017/18 £M	Variance 2017/18 £M
LOGHR	Guildhall Refurbishment	0.000	0.003	0.003
LC201	Arts and Heritage	0.160	0.015	(0.145)
LC401	Pitch Improvements	0.103	0.104	0.001
LC601	Woodmill Activity Centre/Lordshill Community Hall	0.263	0.072	(0.191)
LC602	Woolston Library	0.085	0.021	(0.064)
		<b>0.611</b>	<b>0.214</b>	<b>(0.397)</b>

#### EDUCATION & CHILDREN'S SOCIAL CARE

Scheme No.	Description	Budget 2017/18 £M	Actual 2017/18 £M	Variance 2017/18 £M
E0ACA	Academies	0.248	0.124	(0.124)
E0BPS	Bitterne Park 6th Form	0.175	0.175	(0.000)
E0CSL	Schools Devolved Capital Programme	0.000	0.563	0.563
E0EYP	Early Years Expansion Programme	0.424	0.232	(0.192)
E0ICT	ICT	0.006	0.000	(0.006)
E0PR2	Primary Review Phase 2	5.279	2.216	(3.063)
E0PR3	School Expansion Programme - Phase 3	0.691	0.529	(0.162)
E0PRW	Primary Review	0.004	0.000	(0.004)
E0SAF	Safeguarding	0.037	0.000	(0.037)
E0SCM	School Capital Maintenance	2.940	3.324	0.384
E0SE1	Secondary Expansion phase 1	1.150	0.000	(1.150)
E0SSM	Secondary School Capital Maintenance	0.031	0.000	(0.031)
EOSE1	Secondary Expansion phase 1	1.197	0.002	(1.195)
		<b>12.182</b>	<b>7.164</b>	<b>(5.018)</b>

#### E&T - CITY SERVICES

Scheme No.	Description	Budget 2017/18 £M	Actual 2017/18 £M	Variance 2017/18 £M
C2921	Weekly Collection Support Scheme	0.010	0.000	(0.010)
C2922	Alternative Weekly collection Implementation Works	0.223	0.112	(0.111)
NS004	Deep Dene Improvements	0.003	0.003	(0.000)
NS011	Southampton Common Access Project	0.091	0.054	(0.037)
NS027	Minor Parks Development Works	0.647	0.122	(0.525)
NS029	St James Park HLF Project	0.002	0.000	(0.002)
NS030	Mobile Working for Parks & Street Cleansing Frontline	0.007	0.000	(0.007)
NS035	Play Area Improvements	1.204	0.972	(0.232)
NS036	Purchase of Plant, Machinery & Equipment	0.110	0.000	(0.110)
NS037	Central Depot	0.071	0.023	(0.048)
NS038	City Pride	0.112	0.004	(0.108)
NS039	Park Walk Entrance to East Park	0.029	0.002	(0.027)
		<b>2.509</b>	<b>1.291</b>	<b>(1.218)</b>

## FINANCE

Scheme No.	Description	Budget 2017/18 £M	Actual 2017/18 £M	Variance 2017/18 £M
P5100	IT Desktop	0.153	0.050	(0.103)
P5120	Works to Enable Accommodation Strategy	0.001	0.001	(0.000)
T1000	Digital Investment Phase 1	0.056	(0.000)	(0.056)
T1001	Digital Investment Phase 2	2.224	0.170	(2.054)
		<b>2.434</b>	<b>0.220</b>	<b>(2.214)</b>

## HOUSING & ADULT CARE

Scheme No.	Description	Budget 2017/18 £M	Actual 2017/18 £M	Variance 2017/18 £M
GF100	Support for Estate Regeneration (Registered Social Landlords)	0.932	0.000	(0.932)
R1100	Estate Parking Improvements/s106 Centenary Quay	0.060	0.005	(0.055)
R9330	National Care Standards and H&S Work	0.026	0.006	(0.020)
R9340	Replacement of Appliances and Equipment	0.036	0.017	(0.019)
R9600	Telecare Equipment	0.500	0.098	(0.402)
R9700	Common Assessment Framework	0.004	(0.000)	(0.004)
R9720	Residential Homes fabric furnishing CQC	0.012	0.009	(0.003)
R9777	Integrated Working	0.546	0.158	(0.388)
R9919	32B Kentish Rd Capital Upgrade	0.030	0.000	(0.030)
R9801	Post 19 Learning & Skills Hub	0.064	0.000	(0.064)
		<b>2.210</b>	<b>0.292</b>	<b>(1.918)</b>

## HEALTH & COMMUNITY SAFETY

Scheme No.	Description	Budget 2017/18 £M	Actual 2017/18 £M	Variance 2017/18 £M
HGFCS	Community Safety	0.068	0.055	(0.013)
R1100	S106 - Centenary Quay	0.111	0.073	(0.038)
		<b>0.179</b>	<b>0.128</b>	<b>(0.051)</b>

## LEADER'S

Scheme No.	Description	Budget 2017/18 £M	Actual 2017/18 £M	Variance 2017/18 £M
M0CQR	Cultural Quarter	3.710	4.826	1.116
M0ESC	Council Energy Services Company	0.050	0.000	(0.050)
M0HOC	Heart of the City	0.113	0.061	(0.052)
M0HQP	Hollyrood and Queens Park	0.010	0.000	(0.010)
M0HUB	Bitterne Public Services Hub	0.300	0.057	(0.243)
M0INV	Hampshire Community Bank	1.025	0.025	(1.000)
M0IRF	Itchen Riverfront	0.059	0.025	(0.034)
M0OTH	Feasibility - Other Site Development	0.059	0.000	(0.059)
M0PIF	Property Investment Fund	1.377	0.114	(1.263)
M0SQR	Station Quarter Parent	0.100	0.000	(0.100)
		<b>6.803</b>	<b>5.109</b>	<b>(1.694)</b>



## SUSTAINABLE LIVING

Scheme No.	Description	Budget 2017/18 £M	Actual 2017/18 £M	Variance 2017/18 £M
HGFCS	Sustainability - Disabled Facilities Grant	2.476	1.282	(1.194)
S2420	Flood Risk Management	0.186	0.122	(0.064)
S2520	Salix Energy Efficiency Measures	0.090	0.049	(0.041)
SUHIL	Sustainability - Home Improvement Loans	0.390	0.059	(0.331)
		<b>3.142</b>	<b>1.513</b>	<b>(1.629)</b>

## TRANSPORT

Scheme No.	Description	Budget 2017/18 £M	Actual 2017/18 £M	Variance 2017/18 £M
C2100	Purchase of vehicles	1.061	0.413	(0.648)
C2730	Itchen Bridge Toll Automation	0.014	0.000	(0.014)
C7131	Cycling Improvements	0.882	0.703	(0.179)
C7141	Public Transport	0.261	0.321	0.060
C7151	Improved Safety	0.234	0.195	(0.039)
C7161	Sustainable Travel	0.205	0.107	(0.098)
C7171	Accessibility	0.540	0.368	(0.172)
C7181	Congestion Reduction	1.219	0.862	(0.357)
C7191	Other Highways	2.533	2.248	(0.285)
C7720	City Centre Improvements Millbrook	0.050	0.000	(0.050)
C7730	City Centre Improvements Redbridge	0.294	0.298	0.004
C7740	City Centre Improvements Northam	0.010	0.036	0.026
C7770	Bridge Scheme	0.069	0.029	(0.040)
C7911	Bridges Maintenance	0.275	0.029	(0.246)
C7921	Principal Roads	2.820	3.141	0.321
C7923	Solent Local Enterprise Partnership Millbrook Roundabout	0.310	0.057	(0.253)
C8000	Classified Roads	1.974	1.792	(0.182)
C8100	Unclassified Roads	4.053	2.624	(1.429)
C8300	Street Lighting	0.061	0.006	(0.055)
C8900	City Centre Improvements	0.057	0.063	0.006
C8911	Platform for Prosperity	0.003	0.000	(0.003)
C8933	North of Station	0.946	1.017	0.071
C9120	Highways Improvements Developers	0.395	0.118	(0.277)
C9200	Highways Maintenance Risk Fund	0.162	0.049	(0.113)
C9471	Multi Storey Car Park 10 Yr. Maint. Programme	0.137	0.030	(0.107)
		<b>18.565</b>	<b>14.506</b>	<b>(4.059)</b>

## GENERAL FUND PROGRAMME TOTAL

**48.635      30.438      (18.197)**

## HOUSING REVENUE ACCOUNT

Scheme No.	Description	Budget 2017/18 £M	Actual 2017/18 £M	Variance 2017/18 £M
<b><u>Estate Regeneration and New Build</u></b>				
H00ER	Estate Regeneration	4.402	4.805	0.403
H00NB	New Build	1.112	0.810	(0.302)
<b><u>Modern Facilities</u></b>				
H00AD	Adaptions for Disabled People	1.412	1.702	0.290
H00AP	Area Programmes	3.108	2.311	(0.797)
H00SS	Sheltered Studio Conversions	0.000	(0.001)	(0.001)
<b><u>Warm &amp; Energy Efficient</u></b>				
H00ES	Energy Savings Programme	10.540	3.519	(7.021)
<b><u>Safe Wind &amp; Weather Tight</u></b>				
H00DW	Door & window Upgrade	0.909	0.011	(0.898)
H00GS	Garage Site Upgrade	0.005	0.000	(0.005)
H00OT	Other	3.558	6.132	2.574
H00RR	Roof Replacement	6.468	3.061	(3.407)
H00SW	Structural Works	8.744	7.053	(1.691)
<b><u>Well Maintained Communal Facilities</u></b>				
H00CE	Central	0.000	0.001	0.001
H00EA	East	0.106	0.125	0.019
H00ME	Central	0.207	0.175	(0.032)
H00PV	Other Programme	2.524	1.339	(1.185)
H00SC	Sheltered Communal Improvements	0.750	0.390	(0.360)
H00WE	West	1.078	0.561	(0.517)
<b>HRA PROGRAMME TOTAL</b>		<b>44.923</b>	<b>31.993</b>	<b>(12.930)</b>
<b>PROGRAMME TOTAL</b>		<b>93.558</b>	<b>62.431</b>	<b>(31.127)</b>









# Agenda Item 13

## Appendix 2

### COMMUNITIES, CULTURE & LEISURE

Scheme No.	Description	Original Budget 2018/19 £M	Slippage from 2017/18 £M	Re-phasing to 2017/18 £M	Changes to Programme £M	Revised Budget 2018/19 £M
L1011	Water ingress repairs project at Westgate & Tudor House	0.016	0.004	0.000	0.000	0.020
L1014	Arts Gallery Improvements	0.500	0.000	0.000	0.000	0.500
L1015	SeaCity Treasure Trove	0.700	0.000	0.000	0.000	0.700
L1016	Woodmill Outdoor Activity Centre (Stone Repair - Tidal Wall)	0.000	0.191	0.000	0.000	0.191
L1017	God's House Tower	0.000	0.125	0.000	0.000	0.125
L1018	Ancient Scheduled Monuments	0.200	0.000	0.000	0.000	0.200
L1440	Tudor House Museum Phase 1	0.005	0.000	0.000	0.000	0.005
L6790	Sections 106 Playing Field Improvement	0.000	0.071	0.000	0.000	0.071
L6792	Outdoor Sports Centre Improvements	0.501	0.000	0.072	0.070	0.499
L810U	Art in Public Places – Millbrook and Weston	0.000	0.013	0.000	0.000	0.013
L8260	Tudor House Museum Phase 2 Implementation	0.030	0.000	0.000	0.000	0.030
L8370	Woolston Library	0.000	0.064	0.000	0.000	0.064
		<b>1.952</b>	<b>0.468</b>	<b>0.072</b>	<b>0.070</b>	<b>2.418</b>

### EDUCATION & CHILDREN'S SOCIAL CARE

Scheme No.	Description	Original Budget 2018/19 £M	Slippage from 2017/18 £M	Re-phasing to 2017/18 £M	Changes to Programme £M	Revised Budget 2018/19 £M
E0NEW	Schools Programme	2.812	0.000	0.000	0.000	2.812
E5017	Primary Review P2 - Valentine Primary School Westwood Block	1.431	0.000	0.010	0.000	1.421
E5020	Primary Review P2 - Fairisle Junior	0.000	0.701	0.000	0.000	0.701
E5022	Primary Review Contingency	0.026	0.000	0.004	0.000	0.022
E5027	Expansion of St Johns Primary & Nursery	0.000	0.023	0.000	0.000	0.023
E5030	Portswood Primary Expansion	0.000	0.152	0.000	0.000	0.152
E5037	Springwell School - Main Expansion 15/16	5.477	1.749	0.000	0.000	7.226
E5039	Remedial Works at Sholing-Springwell Intake 2015	0.007	0.000	0.000	0.000	0.007
E5041	Springhill Primary Academy School - one modular building	0.000	0.039	0.000	0.000	0.039
E5046	Thornhill Expansion	0.000	0.030	0.000	0.000	0.030
E5047	St Denys	0.300	0.000	0.070	0.800	1.030
E7203	Health and Safety Capital	0.000	0.041	0.000	0.000	0.041
E7205	Solar PV Resources Project	0.102	0.000	0.000	0.000	0.102
E7206	Renewable Heat Incentive	0.000	0.005	0.000	0.000	0.005
E7218	Repair & Maintenance Programme for School 2016/17 (inc 17/18)	3.417	0.000	0.346	0.000	3.071
E7220	Early Years Expansion Programme	0.000	0.192	0.000	1.014	1.206
E7221	Early Years Expansion 2016/17	1.014	0.000	0.000	(1.014)	0.000
E8185	Civil Service Sports Ground	0.075	0.000	0.000	0.000	0.075
E9061	Mayfield Academy	0.000	0.004	0.000	0.000	0.004
E9062	Lordshill Academy	0.000	0.121	0.000	0.000	0.121
E9121	Bitterne Park Secondary Building Programme - planning contribution	0.000	0.195	0.000	0.000	0.195
E9122	Bitterne Park Autism Resource Base	0.150	0.000	0.000	0.000	0.150
E9133	School Access Initiative 2016/17	0.283	0.000	0.000	0.000	0.283
E9134	St George's Expansion	1.780	0.000	0.000	0.000	1.780
E9135	Sholing Technical College Renovation	1.500	0.400	0.000	0.000	1.900
E9136	Regent Park Expansion	2.750	0.750	0.000	0.000	3.500
E9140	Asbestos 2016/17	0.445	0.000	0.072	0.000	0.373
		<b>21.569</b>	<b>4.402</b>	<b>0.502</b>	<b>0.800</b>	<b>26.269</b>

### E&T - CITY SERVICES

Scheme No.	Description	Original Budget 2018/19 £M	Slippage from 2017/18 £M	Re-phasing to 2017/18 £M	Changes to Programme £M	Revised Budget 2018/19 £M
C2921	Weekly Collection Support Scheme	0.000	0.010	0.000	0.000	0.010
C2922	Alternative Weekly Collection Implementation Works	0.000	0.111	0.000	0.000	0.111
E3001	Houndwell Park Play Area	0.000	0.003	0.000	0.000	0.003
E3011	Deep Dene Play Area	0.000	0.009	0.000	0.000	0.009
E3013	The Common Play Area	0.000	0.016	0.000	0.000	0.016
E3029	Cedar Lodge Play Area	0.000	0.013	0.000	0.000	0.013
E3030	Green Lane Copse / Watts Close Play Area	0.000	0.004	0.000	0.000	0.004
E3031	Lamberhurst Close / Ropley Close Play Area	0.000	0.010	0.000	0.000	0.010
E3033	Masefield Green Play Area	0.000	0.009	0.000	0.000	0.009
E3034	Mayfield Park Play Area	0.000	0.010	0.000	0.000	0.010

E3036	Octavia Road Play Area	0.000	0.020	0.000	0.000	0.020
E3037	St James Park Play Area	0.000	0.016	0.000	0.000	0.016
E3038	Sullivan Recreation Ground Play Area	0.000	0.003	0.000	0.000	0.003
E3039	Cobden Meadows and Riverside Park Play Area	0.000	0.030	0.000	0.000	0.030
E3040	Daisy Dip Play Area	0.000	0.010	0.000	0.000	0.010
E3041	Lydgate Green Play Area	0.000	0.022	0.000	0.000	0.022
E3042	Coxford Play Area	0.000	0.001	0.000	0.000	0.001
E3043	Edith Haisman Play Area	0.000	0.038	0.000	0.000	0.038
E3044	Puffin Close Play Area	0.000	0.011	0.000	0.000	0.011
E3045	Mansel Park Play Area	0.250	0.000	0.000	0.000	0.250
J426L	Southampton Common	0.000	0.037	0.000	0.000	0.037
J4440	Sports Centre Water Supply Upgrade	0.000	0.014	0.000	0.000	0.014
J4450	Riverside Park Pitch & Putt Irrigation System Upgrade	0.000	0.050	0.000	0.000	0.050
J4480	Green Park	0.000	0.002	0.000	0.000	0.002
J4490	Hum Hole	0.000	0.040	0.000	0.000	0.040
J4500	Lordsdale Greenway	0.000	0.005	0.000	0.000	0.005
J4520	Riverside Park	0.000	0.000	0.000	0.014	0.014
J4540	Sullivan Recreation Ground	0.000	0.002	0.000	0.000	0.002
J4560	Westwood Greenway	0.000	0.003	0.000	0.000	0.003
J4570	Mayfield Park Improvements	0.000	0.023	0.000	0.000	0.023
J4610	City Pride - Improvements to Queens Park	0.000	0.108	0.000	0.000	0.108
J4630	Shoreburs Greenway Footpath Improvement Project	0.000	0.167	0.000	0.000	0.167
J4632	Portswood Entrance Improvements	0.000	0.044	0.000	0.000	0.044
J4640	Blechynden Terrace Park	0.000	0.186	0.000	0.000	0.186
J8100	Mobile Working for Parks & Cleansing Frontline	0.000	0.007	0.000	0.000	0.007
J8281	Tree Surgery	0.000	0.075	0.000	0.000	0.075
J8282	Wildflower Area Mower	0.000	0.035	0.000	0.000	0.035
J8283	Mechanical Sweeper	0.160	0.000	0.000	0.000	0.160
J8290	Realignment of Park Walk Entrance to East Park	0.000	0.027	0.000	0.000	0.027
		<b>0.410</b>	<b>1.171</b>	<b>0.000</b>	<b>0.014</b>	<b>1.595</b>

#### FINANCE

Scheme No.	Description	Original Budget 2018/19 £M	Slippage from 2017/18 £M	Re-phasing to 2017/18 £M	Changes to Programme £M	Revised Budget 2018/19 £M
M9710	Accommodation Strategy Action Programme (ASAP)	0.254	0.000	0.000	(0.254)	0.000
P5100	Desktop Refresh Programme	0.458	0.051	0.000	0.000	0.509
P5120	Works to Enable Accommodation Strategy	0.259	0.000	0.000	(0.259)	0.000
P5140	Customer Portal	0.000	0.052	0.000	0.000	0.052
P5150	Civic Centre Upgrade	1.200	0.000	0.000	0.948	2.148
T1000	Digital Investment Phase 1	0.000	0.056	0.000	0.000	0.056
T1001	Digital Investment Phase 2 & 3	2.030	2.054	0.000	0.000	4.084
		<b>4.201</b>	<b>2.213</b>	<b>0.000</b>	<b>0.435</b>	<b>6.849</b>

#### HOUSING & ADULT CARE

Scheme No.	Description	Original Budget 2018/19 £M	Slippage from 2017/18 £M	Re-phasing to 2017/18 £M	Changes to Programme £M	Revised Budget 2018/19 £M
G6430	Support for Estate Regeneration	0.000	0.932	0.000	0.000	0.932
G6580	Estate Parking Improvements	0.178	0.055	0.000	0.000	0.233
R9330	National Care Standards and H&S Work	0.000	0.020	0.000	0.000	0.020
R9340	Replacement of Appliances and Equipment	0.000	0.019	0.000	0.000	0.019
R9600	Telecare Equipment	0.500	0.000	0.000	0.000	0.500
R9700	Common Assessment Framework	0.000	0.004	0.000	0.000	0.004
R9720	Residential Homes fabric furnishing CQC	0.000	0.003	0.000	0.000	0.003
R9777	Integrated Working	0.000	0.283	0.000	0.000	0.283
R9801	Post 19 Learning & Skills Hub	0.000	0.064	0.000	0.000	0.064
R9919	32B Kentish Rd Capital Upgrade	0.000	0.030	0.000	0.000	0.030
		<b>0.678</b>	<b>1.410</b>	<b>0.000</b>	<b>0.000</b>	<b>2.088</b>



## HEALTH & COMMUNITY SAFETY

Scheme No.	Description	Original Budget 2018/19 £M	Slippage from 2017/18 £M	Re-phasing to 2017/18 £M	Changes to Programme £M	Revised Budget 2018/19 £M
C718D	CCTV Cameras	0.000	0.013	0.000	0.000	0.013
R1100	S106 - Centenary Quay	0.000	0.038	0.000	0.000	0.038
		<b>0.000</b>	<b>0.051</b>	<b>0.000</b>	<b>0.000</b>	<b>0.051</b>

## LEADER'S

Scheme No.	Description	Original Budget 2018/19 £M	Slippage from 2017/18 £M	Re-phasing to 2017/18 £M	Changes to Programme £M	Revised Budget 2018/19 £M
M9400	Mayflower Park Spitfire Memorial	0.012	0.000	0.000	0.000	0.012
M9430	Northern Above Bar Fees - Marketing Fees	0.000	0.023	0.000	0.000	0.023
M9370	Town Depot	0.197	0.034	0.000	0.000	0.231
M942B	West Quay Phase 3 Site B	0.045	0.020	0.000	0.000	0.065
M9390	Royal Pier	0.406	0.000	0.000	0.000	0.406
M9420	West Quay Phase 3	0.405	0.032	0.000	0.000	0.437
C620Y	QE2 Mile - Bargate Square	0.960	0.000	0.000	0.000	0.960
M9100	Enterprise Centre	0.000	1.263	0.000	0.200	1.463
M6000	Bitterne Public Services Hub	0.000	0.243	0.000	0.000	0.243
M5000	Hampshire Community Bank	0.000	1.000	0.000	0.000	1.000
M9001	Strategic Property Acquisition	7.125	0.000	0.000	0.000	7.125
M8100	Water Fountains	0.090	0.000	0.000	0.000	0.090
		<b>9.240</b>	<b>2.615</b>	<b>0.000</b>	<b>0.200</b>	<b>12.055</b>

## SUSTAINABLE LIVING

Scheme No.	Description	Original Budget 2018/19 £M	Slippage from 2017/18 £M	Re-phasing to 2017/18 £M	Changes to Programme £M	Revised Budget 2018/19 £M
C2440	Priory Road - Property Level Protection Scheme	0.000	0.007	0.000	0.000	0.007
C257G	Lighting Upgrades Salix Works	0.000	0.041	0.000	0.000	0.041
G4310	Green Projects	0.000	0.220	0.000	0.000	0.120
G4490	Insulation and Fuel Poverty Initiatives	0.000	0.056	0.000	0.000	0.056
G4730	Disabled Facilities Grants - Approved Adaptations	1.082	1.138	0.000	0.000	1.200
G4740	Disabled Facilities Grants - Support Costs	0.000	0.032	0.000	0.000	0.032
		<b>1.082</b>	<b>1.494</b>	<b>0.000</b>	<b>0.000</b>	<b>1.456</b>

\*\* slippage into future years

## TRANSPORT

Scheme No.	Description	Original Budget 2018/19 £M	Slippage from 2017/18 £M	Re-phasing to 2017/18 £M	Changes to Programme £M	Revised Budget 2018/19 £M
C2100	Purchase of vehicles	0.090	0.648	0.000	0.138	0.876
C240E	Itchen Masterplan	0.003	0.000	0.000	0.000	0.003
C2410	Mobile Working	0.048	0.000	0.000	0.000	0.048
C2750	Itchen Bridge Server	0.000	0.000	0.000	0.098	0.098
C550H	Improved Safety – Engineering	0.155	0.000	0.000	0.000	0.155
C7131	Cycling	0.927	0.132	0.000	1.733	2.792
C7141	Public Transport	0.290	0.000	0.000	0.000	0.290
C7151	Improved Safety	0.206	0.000	0.000	0.000	0.206
C7161	Travel to School	0.288	0.000	0.000	0.000	0.288
C716M	Workplace Travel Plan Measures	0.045	0.000	0.000	0.000	0.045
C716N	School Travel Plan Measures	0.021	0.000	0.000	0.000	0.021
C7171	Accessibility	0.250	0.170	0.000	0.000	0.420
C717T	Local Transport Improvement Fund	0.498	0.000	0.000	0.000	0.498
C7181	ITS	2.471	0.108	0.000	0.000	2.579
C718T	Urban Freight Strategy - Delivery Service Plans	0.055	0.000	0.000	0.000	0.055
C718V	Hospital Access Improvements (Coxford Road)	0.000	0.198	0.000	0.000	0.198
C718W	Thomas Lewis Way/Stoneham Lane	0.729	0.000	0.000	0.000	0.729
C718X	Electric Vehicle Action Plan	1.082	0.000	0.000	0.000	1.082
C718Y	C-ITS Bluetooth	0.000	0.032	0.000	0.000	0.032

C7191	Additional Roads Programme	8.000	0.000	0.000	0.000	8.000
C719D	Pothole Action Fund	0.080	0.011	0.000	0.000	0.091
C719E	Cycleways Improvements Programme	0.500	0.105	0.000	0.000	0.605
C719F	Anti-Terrorist Measures	0.000	0.746	0.000	0.000	0.746
C723H	Western Cycle Routs: Phase 2 – 2nd Ave	0.535	0.000	0.000	0.000	0.535
C723J	Eastern strategic cycle route development	0.096	0.000	0.000	0.000	0.096
C723K	Northern Cycle Route: Ave East Lodge Rd – Dorset St	0.080	0.026	0.000	0.000	0.106
C723N	Bitterne Park Triangle	0.171	0.000	0.000	0.000	0.171
C724D	Bus Corridor Minor Works	0.373	0.000	0.006	0.000	0.367
C772A	Millbrook Roundabout Highway Capacity Improvements	0.378	0.050	0.000	0.000	0.428
C777E	Vicarage Bridge	0.000	0.026	0.000	0.000	0.026
C791H	Other Bridge Works	1.402	0.161	0.000	0.000	1.563
C791U	Northam River Bridge Containment	0.100	0.100	0.000	0.000	0.200
C8000	Classified Roads	0.500	0.000	0.000	0.000	0.500
C809A	Millbrook Roundabout Detailed Design	7.193	0.253	0.000	0.000	7.446
C8100	Unclassified Roads	1.420	0.000	0.000	0.000	1.420
C816C	Footways - Various Treatments	0.750	0.040	0.000	0.000	0.790
C820A	Highways Drainage Investigations	0.124	0.068	0.000	0.000	0.192
C8300	St Lighting	0.000	0.055	0.000	0.000	0.055
C881F	Road Restraint Systems	0.250	0.000	0.000	0.000	0.250
C8911	Platform for Prosperity	0.114	0.000	0.000	0.000	0.114
C9120	Highways Improvements (Developer)	0.349	0.277	0.000	0.000	0.626
C947J	Emergency Repairs to Multi Storey Car Parks	0.000	0.056	0.000	0.000	0.056
C947K	Car Park Shutters	0.070	0.051	0.000	0.000	0.121

<b>29.643</b>	<b>3.310</b>	<b>0.006</b>	<b>1.969</b>	<b>34.919</b>
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#### TOTAL GENERAL FUND PROGRAMME

<b>68.775</b>	<b>17.136</b>	<b>0.580</b>	<b>3.488</b>	<b>87.700</b>
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#### HOUSING REVENUE ACCOUNT

Scheme No.	Description	Original Budget 2018/19 £M	Slippage from 2017/18 £M	Re-phasing to 2017/18 £M	Changes to Programme £M	Revised Budget 2018/19 £M
<b>Estate Regeneration and New Build</b>						
H6720	Estate Regeneration Woodside/Wimpson	10.817	0.015	0.000	0.000	10.832
H6490	Estate Regeneration City Wide Framework	0.100	0.077	0.000	0.000	0.177
H6570	Townhill Park Regeneration	7.639	0.000	0.435	0.000	7.204
H6700	Erskine Court Rebuild	0.000	0.000	0.000	0.168	0.168
H8001	Right To Buy Satisfactory Purchase Scheme	0.000	0.000	0.000	1.400	1.400
		<b>18.556</b>	<b>0.092</b>	<b>0.435</b>	<b>1.568</b>	<b>19.781</b>
<b>Safe Wind &amp; Weather Tight</b>						
H1153	Lift Refurbishment Albion Towers	0.370	0.000	0.000	(0.370)	0.000
H1154	Lift Refurbishment - Shirley Towers	0.424	0.000	0.000	(0.424)	0.000
H1740	Renew Warden Alarm	0.435	0.000	0.000	0.059	0.494
H1806	Shop Walkways (Roofing)	0.500	0.000	0.000	(0.500)	0.000
H1123	Chimney	0.126	0.000	0.000	0.000	0.126
H1174	Golden Grove Balconies	0.168	0.000	0.000	(0.168)	0.000
H1116	External Windows and Doors	2.280	0.000	0.000	(1.382)	0.898
H4593	Tennant Alteration Budget	0.311	0.000	0.000	(0.311)	0.000
H1272	Renew Porch/Canopy	0.132	0.000	0.000	(0.132)	0.000
H1152	Lift Refurbishment - Graylings, Canute, St James	0.011	0.000	0.000	(0.011)	0.000
H1121	Roof Finish-Pitched/Structure/Gutter/Downpipes etc.	0.533	0.000	0.000	0.000	0.533
H114A	Programme Management Fees - Current	0.689	0.000	0.000	(0.689)	0.000
H1122	Wall Structure & Finish	1.000	0.000	0.000	(0.500)	0.500
<b>Hampshire Fire &amp; Rescue Service Fire Safety / Sprinkler Project</b>						
H1290	Hampshire Fire & Rescue Service Fire Safety / Sprinkler Project	0.000	0.000	0.000	8.413	8.413
H113A	Lift Refurbishment – Canberra Towers	0.225	0.000	0.000	0.905	1.130
H1113	Structural Works.	5.420	0.000	0.000	0.001	5.421
H012A	Roofing Lot 1 West	0.500	0.000	0.000	3.749	4.249
H012B	Roofing Lot 2 East	1.070	0.000	0.000	(1.070)	0.000
H1261	Refurbish Balconies Approved	0.173	0.000	0.000	(0.173)	0.000
H187A	Dry Riser Replacements	0.108	0.000	0.000	(0.108)	0.000
H139C	Remedial Works Following Compliance Inspections	0.000	0.000	0.000	0.100	0.100
<b>Hampshire Fire &amp; Rescue Service Fire Safety Fire Safety (Doors)</b>						
H8002	Hampshire Fire & Rescue Service Fire Safety Fire Safety (Doors)	0.000	0.000	0.000	0.397	0.397
<b>Local Authority New Build - Rectification Works</b>						
H8003	Local Authority New Build - Rectification Works	0.000	0.000	0.000	0.100	0.100
		<b>14.475</b>	<b>0.000</b>	<b>0.000</b>	<b>7.886</b>	<b>22.361</b>
<b>Modern Facilities</b>						
H0281	HHSRS - Approved	0.200	0.000	0.000	(0.200)	0.000
H139A	Water Quality Remedial Works	0.066	0.000	0.000	0.334	0.400
H1128	Electrical Heating Systems	0.400	0.000	0.000	(0.262)	0.138
H0550	Disabled Adaptions	1.300	0.000	0.000	0.000	1.300
H118A	Housing Refurbishment Programme	3.754	0.000	0.000	(2.554)	1.200
H8007	Household Refurbishment Project - Kitchen and Bathroom	0.000	0.000	0.000	0.800	0.800

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5.720	0.000	0.000	(1.882)	3.838
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**Well Maintained Communal Facilities**

H033A	Future Decent Neighbourhood Schemes	1.791	0.000	0.000	2.484	4.275
H1138	Communal Building Services	0.026	0.000	0.000	(0.026)	0.000
H1720	Communal Heating Systems	0.070	0.000	0.000	(0.070)	0.000
H6315	Shirley	0.000	0.055	0.000	(0.055)	0.000
H1115	Door Entry Systems	0.116	0.007	0.000	(0.065)	0.058
H1730	Communal Shed / Store Areas	0.040	0.000	0.000	(0.040)	0.000
H1133	Roads/Paths/Hard Standing	0.861	0.011	0.000	(0.540)	0.332
H6319	Estate Improvement Programme (EIP)	0.207	0.000	0.000	(0.068)	0.139
H1110	Communal Areas Works	0.273	0.000	0.000	0.000	0.273
H6334	Cuckmere Lane	0.574	0.443	0.000	(1.017)	0.000
H0340	Thornhill	0.000	1.200	0.000	(1.200)	0.000
H6266	Townhill Park Phase 2 MacArthur/Vanguard	0.150	0.000	0.000	(0.150)	0.000
H186A	Renew Communal Kitchen	0.064	0.000	0.000	(0.064)	0.000
H188A	Central Ventilation Fan Replacements	0.066	0.000	0.000	(0.066)	0.000
H189A	Water Pump Replacements	0.080	0.000	0.000	(0.080)	0.000
H481A	Supported Housing Area Programme (SHAP)	0.859	0.000	0.000	(0.859)	0.000
H8006	Tower Block Communal Works	0.000	0.000	0.000	0.612	0.612

<b>5.177</b>	<b>1.716</b>	<b>0.000</b>	<b>(1.204)</b>	<b>5.689</b>
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**Warm & Energy Efficient**

H1134	Insulation Works - City Wide	0.150	0.000	0.000	(0.079)	0.071
H135B	ECO - Capita Costs	0.000	0.080	0.000	(0.080)	0.000
H135C	ECO - Planning & Legal Costs	0.000	0.080	0.000	(0.080)	0.000
H1135	External Wall Insulation - Kingsland Estate	0.000	0.133	0.000	0.000	0.133
H135A	ECO - Staffing Costs	0.000	0.078	0.000	(0.078)	0.000
H135D	ECO - Works / Holding	0.000	5.335	0.000	(5.335)	0.000
H1355	ECO: City Energy Scheme	9.042	1.355	0.000	(9.042)	1.355
H8004	ECO - Canberra Towers	0.000	0.000	0.000	3.500	3.500
H8005	External Wall Insulation - Low Rise	0.000	0.000	0.000	1.000	1.000
H8008	ECO - Thornhill Heating	0.000	0.000	0.000	7.174	7.174
H8009	ECO - Lydgate EWI	0.000	0.000	0.000	0.950	0.950
H8010	Removal of Gas from Tower Blocks	0.000	0.000	0.000	0.200	0.200

<b>9.192</b>	<b>7.061</b>	<b>0.000</b>	<b>(1.870)</b>	<b>14.383</b>
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**TOTAL HRA PROGRAMME**

<b>53.120</b>	<b>8.869</b>	<b>0.435</b>	<b>4.498</b>	<b>66.052</b>
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**TOTAL PROGRAMME**

<b>121.895</b>	<b>26.001</b>	<b>1.015</b>	<b>7.986</b>	<b>153.752</b>
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**VARIATIONS SINCE FEBRUARY 2018 CAPITAL UPDATE**

<b>Portfolio</b>	<b>Scheme</b>	<b>£M</b>	<b>Delegated Approval</b>	<b>Funding Source</b>	<b>Paragraph</b>
<b><u>Additions to the Programme</u></b>					
E&T - City Services	Puffin Close Play Area	0.09	**	Contributions (S106)/Council Resources	
Leaders	Town Depot	0.01	**	Contributions (External)	
	West Quay Phase 3 WWQ	0.04	**	Contributions (External)	
Transport	Itchen Bridge Server	0.10	**	Direct Revenue Funding	
	<b>GENERAL FUND TOTAL</b>	<b><u>0.24</u></b>			
	<b>GRAND TOTAL</b>	<b><u><u>0.24</u></u></b>			

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<b>DECISION-MAKER:</b>	GOVERNANCE COMMITTEE COUNCIL		
<b>SUBJECT:</b>	REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2017/18		
<b>DATE OF DECISION:</b>	11 JUNE 2018 18 JULY 2018		
<b>REPORT OF:</b>	Service Director Finance and Commercialisation (S151)		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	Maddy Modha	<b>Tel:</b> 023 8083 3574
	<b>E-mail:</b>	<a href="mailto:madeleine.modha@southampton.gov.uk">madeleine.modha@southampton.gov.uk</a>	
<b>Director</b>	<b>Name:</b>	Mel Creighton	<b>Tel:</b> 023 8083 4897
	<b>E-mail:</b>	<a href="mailto:Mel.Creighton@southampton.gov.uk">Mel.Creighton@southampton.gov.uk</a>	

<b>STATEMENT OF CONFIDENTIALITY</b>	
NOT APPLICABLE	
<b>BRIEF SUMMARY</b>	
The purpose of this report is to inform the Governance Committee and Council of the Treasury Management activities and performance for 2017/18 against the approved Prudential Indicators for External Debt and Treasury Management.	
<b>This report specifically highlights that:</b>	
(i)	Borrowing activities have been undertaken within the borrowing limits approved by Council on 21 February 2018.
(ii)	Current Investment strategy is to continue to diversify into more secure and/or higher yielding asset classes and move away from the increasing risk and low returns gained from short term unsecured bank investments. Returns during 2017/18 were £1.41M at an average rate of 3.73%.
(iii)	The Council's strategy was to minimise borrowing to below its Capital Financing Requirement (CFR), the difference representing balances, reserves, provisions and working capital. This approach lowers interest costs, reduces credit risk and relieves pressure on the Council's counterparty list. Throughout the year, capital expenditure levels, market conditions and interest rate levels were monitored to minimise borrowing costs over the medium to longer term and to maintain stability.
(iv)	The differential between debt costs and investment earnings continued to be acute, resulting in the use of internal resources in lieu of borrowing often being the most cost effective means of financing capital expenditure. As a result the average rate for repayment of debt, (the Consolidated Loans & Investment Account Rate – CLIA), at 3.31%, is lower than that budgeted and slightly lower than last year (3.33%). This includes £30M of short term debt which was taken during the year. No new long term loans were taken during the year due to

		slippage in the capital programme and higher than expected balances. The predicted forecast rate for longer term debt is already showing a steady increase. It is likely that any new long term borrowing will be taken out above this rate, leading to an increase in the CLIA rate. In line with the current Treasury Strategy it is the intention to continue to borrow in the short term markets during 2018/19 to take further advantage of the current interest environment.
In	(v)	In achieving interest rate savings the Council is exposed to interest rate risk by taking out variable debt. This was and continues to be very financially favourable in current markets but does mean that close monitoring of the markets is required to ensure that the Council can act quickly should the situation begin to change.
	(vi)	Net loan debt decreased during 2017/18 from £278M to £254M (£24M) as detailed in paragraph 14.
	(vii)	There has been full compliance with the Prudential Indicators approved by Full Council on 21 February 2018
<b>RECOMMENDATIONS:</b>		
<b>GOVERNANCE COMMITTEE</b>		
<b>It is recommended that Governance committee:</b>		
	(i)	Notes the Treasury Management (TM) activities for 2017/18 and the outturn on the Prudential Indicators.
	(ii)	Notes that the continued proactive approach to TM has led to reductions in borrowing costs and safeguarded investment income during the year.
	(iii)	Continues to delegate authority to the S151 Officer to make any future changes which benefit the authority and to report back at the next Treasury update.
	(iv)	Note that due to the timing of this report, changes may still be required following the finalisation of capital and revenue budgets and therefore any significant changes to this report will be highlighted in the final version that is presented to Full Council.
<b>COUNCIL</b>		
<b>It is recommended that Council:</b>		
	(i)	Notes the Treasury Management (TM) activities for 2017/18 and the outturn on the Prudential Indicators.
	(ii)	Notes that the continued proactive approach to TM has led to reductions in borrowing costs and safeguarded investment income during the year.



	(iii)	Continues to delegate authority to the S151 Officer to make any future changes which benefit the authority and to report back at the next Treasury update.
<b>REASONS FOR REPORT RECOMMENDATIONS</b>		
1.		The reporting of the outturn position for 2017/18 forms part of the approval of the statutory accounts. The Treasury Management (TM) Strategy and Prudential Indicators are approved by Council in February each year in accordance with legislation and the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice.
2.		The Treasury Management Code requires public sector authorities to determine an annual TM Strategy and now, as a minimum, formally report on their treasury activities and arrangements to full Council mid-year and after the year-end. These reports enable those tasked with implementing policies and undertaking transactions to demonstrate they have properly fulfilled their responsibilities, and enable those with ultimate responsibility/governance of the TM function to scrutinise and assess its effectiveness and compliance with policies and objectives.
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>		
3.		No alternative options are relevant to this report.
<b>DETAIL (Including consultation carried out)</b>		
<b>CONSULTATION</b>		
4.		Not applicable.
<b>BACKGROUND</b>		
5.		The Local Government Act 2003 introduced a system for borrowing based largely on self-regulation by local authorities themselves. The basic principle of the new system is that local authorities will be free to borrow as long as their capital spending plans are affordable, prudent and sustainable.
6.		The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that authorities report on the performance of the treasury management function at least twice a year (mid-year and at year end).
7.		The Authority's TM Strategy for 2017/18 was approved by full Authority on 15 February 2017. These were subsequently revised as part of the Council's Treasury Management Strategy Statement for 2018/19 on 21 February 2018.
8.		Overall responsibility for treasury management remains with the Council. No TM activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.

9.	This report:																																				
	a) is prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code;																																				
	b) presents details of capital financing, borrowing, debt rescheduling and investment transactions;																																				
	c) reports on the risk implications of treasury decisions and transactions;																																				
	d) gives details of the outturn position on treasury management transactions in 2017/18; and																																				
	e) confirms compliance with treasury limits and Prudential Indicators.																																				
10.	Appendix 1 summarises the economic outlook and events in the context of which the Council operated its treasury function during 2017/18.																																				
<b>BORROWING REQUIREMENT AND DEBT MANAGEMENT</b>																																					
11.	The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with balances and useable reserves, are the core drivers of TM Activity and the year-on-year change is summarised in table 1 below. Net borrowing has decreased due to a rise in both working capital and usable reserves. As detailed in paragraphs 21 to 24 below, the Authority's current strategy is to maintain borrowing and investments below their underlying levels in order to reduce risk and keep interest costs low.																																				
<p><b>Table 1 – Balance Sheet Summary</b></p> <table border="1"> <thead> <tr> <th></th> <th>31/03/2017 Actual £M</th> <th>2017/18 Movement £M</th> <th>31/03/2018 Actual £M</th> </tr> </thead> <tbody> <tr> <td>General Fund CFR</td> <td>322.56</td> <td>(1.09)</td> <td>321.47</td> </tr> <tr> <td>Housing CFR</td> <td>163.25</td> <td>(4.77)</td> <td>158.48</td> </tr> <tr> <td><b>Total CFR</b></td> <td><b>485.81</b></td> <td><b>(5.86)</b></td> <td><b>479.95</b></td> </tr> <tr> <td>Less Other Long Term Liabilities*</td> <td>(77.18)</td> <td>3.79</td> <td>(73.39)</td> </tr> <tr> <td><b>Borrowing CFR</b></td> <td><b>408.63</b></td> <td><b>(2.07)</b></td> <td><b>406.56</b></td> </tr> <tr> <td>Less Usable Reserves</td> <td>(127.53)</td> <td>(18.75)</td> <td>(146.28)</td> </tr> <tr> <td>Less Working Capital</td> <td>(64.75)</td> <td>(0.91)</td> <td>(65.66)</td> </tr> <tr> <td><b>Net Borrowing</b></td> <td><b>216.35</b></td> <td><b>(21.73)</b></td> <td><b>194.62</b></td> </tr> </tbody> </table> <p><i>* finance leases, PFI liabilities and Transferred debt that form part of the authority's total debt</i></p>			31/03/2017 Actual £M	2017/18 Movement £M	31/03/2018 Actual £M	General Fund CFR	322.56	(1.09)	321.47	Housing CFR	163.25	(4.77)	158.48	<b>Total CFR</b>	<b>485.81</b>	<b>(5.86)</b>	<b>479.95</b>	Less Other Long Term Liabilities*	(77.18)	3.79	(73.39)	<b>Borrowing CFR</b>	<b>408.63</b>	<b>(2.07)</b>	<b>406.56</b>	Less Usable Reserves	(127.53)	(18.75)	(146.28)	Less Working Capital	(64.75)	(0.91)	(65.66)	<b>Net Borrowing</b>	<b>216.35</b>	<b>(21.73)</b>	<b>194.62</b>
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12.	The forecast movement in coming years is one of the Prudential Indicators (PIs). The movement in actual external debt and usable reserves combine to identify the Authority's borrowing requirement and potential investment strategy in the current and future years. This is shown in the tables below together with activity in the year.																																				

13. **Table 2: Borrowing and Investment Position**

	31- Mar-17		31st March 2018	Average Rate	31-Mar-19	
	Actual £M	Average Rate %			Forecast £M	Forecast Average Rate %
<b>External Borrowing:</b>						
Fixed Rate – PWLB Maturity	139	3.90	139	3.9	139	3.90
Fixed Rate – PWLB EIP	46	3.38	35	3.41	23	3.39
Variable Rate – PWLB	35	0.60	35	0.44	35	0.85
Fixed Rate – LOBO	9	4.86	9	4.86	9	4.86
<b>Long Term Borrowing</b>	<b>229</b>	<b>3.33</b>	<b>218</b>	<b>3.31</b>	<b>206</b>	<b>3.37</b>
<b>Short Term Borrowing</b>						
Fixed Rate – Market	31	0.40	33	0.47	90	0.90
<b>Other Long Term Liabilities</b>						
PFI Schemes	62	9.51	59	8.59	57	8.83
Deferred Debt Charges (HCC)	15	3.08	14	2.74	14	2.93
<b>Total Gross External Debt</b>	<b>337</b>	<b>4.36</b>	<b>325</b>	<b>4.02</b>	<b>367</b>	<b>3.77</b>
<b>Investments:</b>						
<b>Managed In-House</b>						
Bank & Building Societies (unsecured)	(9)	0.62	(7)	0.50	(5)	0.75
Covered Bonds (secured)	(12)	1.10	(6)	1.39	(5)	1.17
Multi - National Bonds (not subject to bail in)	(4)	5.30	(4)	5.30	(3)	5.30
Corporate and Other Bonds (not subject to bail in)	(3)	0.87	0	0.00	0	0.00
Money Market Funds	(14)	0.29	(19)	0.43	(10)	0.75
Government & local Authority	0	0.00	(10)	0.85	0	0.00
<b>Managed Externally</b>						
Pooled Funds (LAPF)	(17)	4.77	(27)	4.63	(27)	4.50
<b>Total Investments</b>	<b>(59)</b>	<b>2.74</b>	<b>(73)</b>	<b>3.98</b>	<b>(56)</b>	<b>2.75</b>
<b>Net Debt</b>	<b>278</b>		<b>254</b>		<b>311</b>	

14. **Table 3: Movement in Borrowing during the year**

	Balance on 01/04/2017	Debt Maturing or Repaid	New Borrowing	Balance on 31/03/2018	Increase/ (Decrease) in Borrowing for Year	Average Life / Average Rate %	
	£M	£M	£M	£M	£M	Life	%
Short Term	31	(31)	30	33	(1)	6 Months	0.40
Long Term	229	(5)	0	218	(5)	21 Years	3.43
Total Borrowing	260	(36)	30	251	(6)		

	<i>Please note that these figures do not reflect the accounting convention of moving loans maturing in the year from long term to short term.</i>
15.	When the strategy was last updated in February 2018, the CFR was estimated at £506.71M, the Council's actual CFR at the end of the year was £479.95M, as detailed in section 2 of Appendix 2. This decrease was mainly due to slippage in the capital programme.
16.	The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.
17.	In undertaking of these objectives, no new long term borrowing was undertaken and short borrowing was kept to a minimum during the year, while existing loans were allowed to mature without replacement. This strategy enabled the Authority to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The "cost of carry" analysis did not indicate any value in borrowing in advance for future years' planned expenditure and therefore none was taken.
18.	The PWLB remains the Council's preferred source of long term borrowing given the transparency and control that its facilities continue to provide. However due to the continued depressed markets and the 'cost of carry' associated with long term debt, the Council deferred long term borrowing and has continued to use internal resources to finance the capital programme. This will be kept under review during 2018/19 with the need to resource an increasing capital programme.
<b><u>Loans at Variable Rates</u></b>	
19.	Included within the debt portfolio is £35M of PWLB variable rate loans which during 2017/18 averaged a rate of 0.44% this helps to mitigate the impact of changes in variable rates on the Authority's overall treasury portfolio (the Authority's investments are deemed to be variable rate investments due to their short-term nature). This strategic exposure to variable interest rates will be regularly reviewed and, if appropriate, reduced by switching into fixed rate loans.
<b><u>Internal Borrowing</u></b>	
20.	Given the pressures on the revenue budget and significant reduction in revenue support grant, the strategy followed was to minimise the cost of TM by keeping debt interest payments as low as possible without compromising the longer-term stability of the portfolio.
21.	As at the 31 March 2018 the Council used £155M of internal resources in lieu of borrowing which has been the most cost effective means of funding past capital expenditure to date. This has lowered overall treasury risk by reducing both external debt and temporary investments. However, this position will not be sustainable over the medium term and the Council will need to borrow to cover this amount as balances fall. Following the latest update of the Capital Programme, approved by Council in February 2018 and adjusted for slippage from 2017/18, the Council is expected to borrow up to £186.13M between 2018/19 and 2021/22. Of this £138.61M relates to new capital spend (£89.10M General Fund [GF] and £49.51M Housing Revenue Account [HRA])

	and the remainder to the refinancing of existing debt and externalising internal debt to cover the expected fall in balances and also the possible need to lock back into longer term debt prior to interest rises.
22.	As short-term interest rates have remained low, and are likely to remain low at least over the forthcoming year it is more cost effective in the short-term to use internal resources rather than borrowing.
23.	The benefits of this were monitored regularly against the potential for incurring additional costs by deferring borrowing into future years. Our advisors assist with this 'cost of carry' and breakeven analysis.

#### **Lender's Option Borrower's Option Loans (LOBOs)**

24.	The council holds £9M of LOBO loans where the lender has the option to propose an increase in the interest rate at set dates, following which the council has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS had options during the year, none of which were exercised by the lender, but if they were it is likely that they would be replaced by a PWLB loan.
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#### **Debt Rescheduling**

25.	The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the council's portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence.
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#### **INVESTMENT ACTIVITY**

26.	Both the CIPFA and DCLG's Investment Guidance requires the council to invest prudently and have regard to the security and liquidity of investments before seeking the optimum yield.
27.	The council has held significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2017/18 the council's investment balances have ranged between £64M and £80M. Movement in year is summarised in the table below:

28. ***Table 4: Investment activity during the year***

	Balance on	Investments	New Investments	Balance on	(Increase)/	Average Life / Average Rate %	
	01/04/2017	Repaid		31/03/2018	Decrease in	Life	%
	£M	£M	£M	£M	£M		
Notice Account	(5)	10	(8)	(3)	2	79 days	0.70
Covered Bonds (secured)	(12)	6		(6)	6	1.27 years	1.39
Multi - National Bonds (not subject to bail in)	(4)	1		(3)	1	5.47 years	5.30
Corporate and Other Bonds (not subject to bail in)	(3)	3		0	3		
Money Market Funds and Call Account	(18)	380	(386)	(24)	(6)	1 day	0.43
Government & Local Authority	0		(10)	(10)	(10)	18 days	0.85
Pooled Funds (CCLA)	(17)		(10)	(27)	(10)	Unspecified	4.63
<b>Total Investments</b>	<b>(59)</b>	<b>400</b>	<b>(414)</b>	<b>(73)</b>	<b>(14)</b>		<b>3.98</b>

29.	Security of capital has remained the council's main investment objective. This has been maintained by following the Authority's counterparty policy as set out in its TM Strategy Statement for 2017/18. The council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio, which is supplied by our advisors. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment.
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			<b>Target</b>	<b>Actual</b>																																																												
		Portfolio average credit rating	A	AA-																																																												
30.	Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority's minimum long-term counterparty rating is A-) across rating agencies Fitch, S&P and Moody's); for financial institutions analysis of funding structure and susceptibility to bail-in, credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. The authority also used secured investments products that provide collateral in the event that the counterparty cannot meet its obligations for repayment.																																																															
31.	The table below summarises the Council's investment portfolio at 31 March 2018 by credit rating and confirms that all investments were made in line with the Council's approved credit rating criteria:																																																															
	<b>Table 5: Credit ratings of Investments held at 31<sup>st</sup> March 2018</b>																																																															
		<table border="1"> <thead> <tr> <th rowspan="2">Credit Rating</th> <th colspan="2">Long Term</th> <th colspan="2">Short Term</th> </tr> <tr> <th>31 March 2017 £M</th> <th>31 March 2018 £M</th> <th>31 March 2017 £M</th> <th>31 March 2018 £M</th> </tr> </thead> <tbody> <tr> <td>AAA</td> <td>8.31</td> <td>7.86</td> <td>4.64</td> <td>0.15</td> </tr> <tr> <td>AA+</td> <td>3.12</td> <td></td> <td>0.14</td> <td>13.36</td> </tr> <tr> <td>AA</td> <td></td> <td></td> <td>0.06</td> <td>6.91</td> </tr> <tr> <td>AA-</td> <td></td> <td></td> <td>8.28</td> <td>11.20</td> </tr> <tr> <td>A+</td> <td></td> <td></td> <td>5.64</td> <td>7.45</td> </tr> <tr> <td>A</td> <td></td> <td></td> <td>9.02</td> <td></td> </tr> <tr> <td>A-</td> <td></td> <td></td> <td>3.17</td> <td></td> </tr> <tr> <td>Shares in unlisted companies</td> <td>0.02</td> <td>0.05</td> <td></td> <td></td> </tr> <tr> <td>Unrated pooled funds</td> <td>16.65</td> <td>27.03</td> <td>0.14</td> <td>0.29</td> </tr> <tr> <td><b>Total Investments</b></td> <td><b>28.10</b></td> <td><b>34.94</b></td> <td><b>31.09</b></td> <td><b>39.36</b></td> </tr> </tbody> </table>				Credit Rating	Long Term		Short Term		31 March 2017 £M	31 March 2018 £M	31 March 2017 £M	31 March 2018 £M	AAA	8.31	7.86	4.64	0.15	AA+	3.12		0.14	13.36	AA			0.06	6.91	AA-			8.28	11.20	A+			5.64	7.45	A			9.02		A-			3.17		Shares in unlisted companies	0.02	0.05			Unrated pooled funds	16.65	27.03	0.14	0.29	<b>Total Investments</b>	<b>28.10</b>	<b>34.94</b>	<b>31.09</b>	<b>39.36</b>
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32.	In the first quarter of the financial year, UK bank credit default swaps (CDS) reached three-year lows on the announcement that the Funding for Lending Scheme, which gave banks access to cheaper funding, was being extended to 2018. For the rest of the year, CDS prices remained broadly flat.																																																															
33.	The rules for UK banks' ring-fencing were finalised by the Prudential Regulation Authority and banks began the complex implementation process ahead of the statutory deadline of 1st January 2019. As there was some uncertainty surrounding which banking entities the Authority would be dealing with once ring-fencing was implemented and what the balance sheets of the ring-fenced and non ring-fenced entities would actually look like, in May 2017 Arlingclose advised adjusting downwards the maturity limit for unsecured investments to a maximum of 6 months. The rating agencies had slightly varying views on the creditworthiness of the restructured entities. Barclays was the first to complete its ring-fence restructure over the 2018 Easter weekend; wholesale deposits including local authority deposits will																																																															

	henceforth be accepted by Barclays Bank plc (branded Barclays International), which is the non ring-fenced bank.
34.	<p><b>Money Market Fund regulation:</b> The new EU regulations for Money Market Funds (MMFs) were finally approved and published in July and existing funds will have to be compliant by no later than 21st January 2019. The key features include Low Volatility Net Asset Value (LVNAV) Money Market Funds which will be permitted to maintain a constant dealing NAV, providing they meet strict new criteria and minimum liquidity requirements. MMFs will not be prohibited from having an external fund rating (as had been suggested in draft regulations). Arlingclose expects most of the short-term MMFs it recommends to convert to the LVNAV structure and awaits confirmation from each fund.</p>
35.	<p><b>Credit Rating developments:</b> the most significant change was the downgrade by Moody's to the UK sovereign rating in September from Aa1 to Aa2 which resulted in subsequent downgrades to sub-sovereign entities including local authorities. Changes to credit ratings included the placing of UK banks' long-term ratings on review to reflect the impending ring-fencing of retail activity from investment banking (Barclays, HSBC and RBS were on review for downgrade; Lloyds Bank, Bank of Scotland and National Westminster Bank were placed on review for upgrade).</p> <p>Standard &amp; Poor's (S&amp;P) revised upwards the outlook of various UK banks and building societies to positive or stable and simultaneously affirmed their long and short-term ratings, reflecting the institutions' resilience, progress in meeting regulatory capital requirements and being better positioned to deal with uncertainties and potential turbulence in the run-up to the UK's exit from the EU in March 2019. The agency upgraded Barclays Bank's long-term rating to A from A- after the bank announced its plans for its entities post ring-fencing.</p> <p>Fitch revised the outlook on Nationwide Building Society to negative and later downgraded the institution's long-term ratings due to its reducing buffer of junior debt. S&amp;P revised the society's outlook from positive to stable.</p>
36.	<p><b>Other developments:</b> In February, Arlingclose advised against lending to Northamptonshire County Council (NCC). NCC issued a section 114 notice in the light of severe financial challenge and the risk that it would not be in a position to deliver a balanced budget.</p> <p>In March, following Arlingclose's advice, the Authority removed RBS plc and National Westminster Bank from its counterparty list. This did not reflect any change to the creditworthiness of either bank, but a tightening in Arlingclose's recommended minimum credit rating criteria to A- from BBB+ for FY 2018-19. The current long-term ratings of RBS and NatWest do not meet this minimum criterion, although if following ring-fencing NatWest is upgraded, the bank would be reinstated on the Authority's lending list.</p>
37.	<p><b>MiFID II:</b> As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities were automatically treated as retail clients but could "opt up" to professional client status, providing certain criteria was met which includes having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the authority have at least a year's relevant professional experience. In addition, the regulated financial services firms to whom this directive applies have had to assess that that person(s) have the expertise, experience and knowledge to make investment decisions and understand the</p>

	risks involved. The Authority met the conditions to opt up to professional status and has done so in order to maintain its MiFID II status prior to January 2018. The Authority will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice. It should be noted that local authorities' investments are not protected by the Financial Services Compensation Scheme nor are they eligible to complain to the Financial Ombudsman Service regardless of whether they are retail or professional clients.
38.	<b>Benchmarking:</b> Our advisors produce quarterly benchmarking which shows the breakdown of our investments and how we compare to their other clients and other English Unitary Authority's, this shows that on average we have a higher credit rating and have less exposure to Bail- in which reflects our change in strategy since 2015. Details can be seen in Appendix 3. It also shows that on average the return on our internal investments at 1.00 is higher than the average of 0.58 and our overall return including the LAPF fund is 2.66% as opposed to 1.40%.
<b>Liquidity Management</b>	
39.	In keeping with the DCLG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds and call accounts. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Council would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities. The maturity analysis of the Council's fixed rate debt at 31 March 2018 can be seen in section 6 of Appendix 2.
<b>Externally Managed Funds</b>	
40.	The Council has invested £27M in property funds which offer the potential for enhanced returns over the longer term, but will be more volatile in the shorter term. These funds are managed by professional fund managers which allows the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments.
41.	During 2017/18 this investment returned an average yield of 4.63% against the initial investment, but made a notional "gain" at year end of £0.03M being valued at £27.03M.
42.	Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives is regularly reviewed. In light of their strong performance and the Authority's latest cash flow forecasts and income generation target, further investment in these funds is a possibility in the future.
<b>COMPLIANCE WITH PRUDENTIAL INDICATORS</b>	
43.	It can be confirmed that the Council has complied with its Prudential Indicators for 2017/18, approved by Full Council on 15 February 2017.
44.	In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of TM activity during 2017/18.



None of the Prudential Indicators has been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. The table below summarises the Key Indicators other indicators can be found in Appendix 2.

45. **Table 6: Key Prudential Indicators**

Indicator	Limit	Actual at 31 March 2018
Authorised Limit for external debt £M	£898M	£325M
Operational Limit for external debt £M	£647M	£325M
Maximum external borrowing in year		£269M
Limit of fixed interest debt %	100%	95%
Limit of variable interest debt %	50%	18%
Limit for Non-specified investments £M	£55M	£10M

**OTHER ITEMS**

**Future Developments and Amendment to Prudential Indicators**

46. **Local Authority Regulatory Changes**

**Revised CIPFA Codes:** CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The required changes from the 2011 Code are being incorporated into Treasury Management Strategies and monitoring reports. The 2017 Prudential Code introduces the requirement for a Capital Strategy which provides a high-level overview of the long-term context of capital expenditure and investment decisions and their associated risks and rewards along with an overview of how risk is managed for future financial sustainability. Where this strategy is produced and approved by full Council, the determination of the Treasury Management Strategy can be delegated to a committee. The Code also expands on the process and governance issues of capital expenditure and investment decisions in particular the need to prepare and publish a Capital Strategy, which we already do as part of the budget setting process.

In the 2017 Treasury Management Code the definition of ‘investments’ has been widened to include non-financial assets as well as financial assets. The non-financial assets are those held primarily for financial returns such as investment property. These, along with other investments made for non-treasury management purposes such as loans supporting service outcomes and investments in subsidiaries, must be discussed in the Capital Strategy or Investment Strategy. Additional risks of such investments are to be set out clearly and the impact on financial sustainability is to be identified and reported.

47. **MHCLG Investment Guidance and Minimum Revenue Provision (MRP):**

In February 2018 the MHCLG (Ministry of Housing, Communities and Local Government) published revised Guidance on Local Government and Investments and Statutory Guidance on Minimum Revenue Provision (MRP).

Changes to the Investment Guidance include a wider definition of investments to include non-financial assets held primarily for generating income return and a new category called “loans” (e.g. temporary transfer of cash to a third party, joint venture, subsidiary or associate). The Guidance introduces the concept of proportionality, proposes additional disclosure for borrowing solely to invest

	<p>and also specifies additional indicators. Investment strategies must detail the extent to which service delivery objectives are reliant on investment income and a contingency plan should yields on investments fall.</p> <p>The definition of prudent MRP has been changed to “put aside revenue over time to cover the CFR”; it cannot be a negative charge and can only be zero if the CFR is nil or negative. Guidance on asset lives has been updated, applying to any calculation using asset lives. Any change in MRP policy cannot create an overpayment; the new policy must be applied to the outstanding CFR going forward only.</p>
<b><u>Investment Training</u></b>	
48.	The needs of the Authority’s treasury management staff for training in investment management are assessed as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. During 2017/18 staff attended training courses, seminars and conferences provided by our advisors (Arlingclose) and CIPFA.

<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
49.	This report is a requirement of the TM Strategy, which was approved at Council on 21 February 2018.
50.	The interest cost of financing the Authority’s long term and short term loan debt is charged corporately to the Income and Expenditure account. The interest cost of financing the Authority’s loan debt amounted to £7.99M in 2017/18. This is lower than budgeted mainly due to variable interest rates being lower than those estimated and the deferment of any new long term borrowing.
51.	In addition interest earned on temporary balances invested externally is credited to the Income and Expenditure account. In 2017/18 £1.41M was earned which was higher than budgeted mainly due to continuing investment in bonds and LAPF as detailed in paragraphs 27 - 32 above.
52.	The expenses of managing the Authority’s loan debt consist of brokerage and internal administration charges. These are pooled and borne by the HRA and General Fund proportionately to the related loan debt. Debt management expenses amounted to £0.29M in 2017/18 compared to an estimate of £0.19M. This increase was mainly due to a realignment of internal staff costs to accurately reflect the cost of the TM function. This is offset by a reduction in brokerage costs due to fewer treasury deals being undertaken and deferring PWLB borrowing resulting in a saving on commission paid in year.
<b><u>Property/Other</u></b>	
53.	None.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
54.	Local Authority borrowing is regulated by Part 1, of the Local Government Act 2003, which introduced the new Prudential Capital Finance System. From 1 April 2004, investments are dealt with, not in secondary legislation, but

	through guidance. Similarly, there is guidance on prudent investment practice, issued by the Secretary of State under Section 15(1)(a) of the 2003 Act. A local authority has the power to invest for "any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs". The reference to the "prudent management of its financial affairs" is included to cover investments, which are not directly linked to identifiable statutory functions but are simply made in the course of treasury management. This also allows the temporary investment of funds borrowed for the purpose of expenditure in the reasonably near future; however, the speculative procedure of borrowing purely in order to invest and make a return remains unlawful.
<b><u>Other Legal Implications:</u></b>	
55.	None.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
56.	Not Applicable
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
57.	This report has been prepared in accordance with the CIPFA Code of Practice on TM.

<b>KEY DECISION?</b>	Yes/No
<b>WARDS/COMMUNITIES AFFECTED:</b>	NONE
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	2017/18 Economic Background
2.	Compliance with Prudential Indicators During 2017/18
3.	Southampton Benchmarking 31 <sup>st</sup> March 2018
4.	Glossary of Treasury Terms
<b>Documents In Members' Rooms</b>	
1.	None.
<b>Equality Impact Assessment</b>	
Do the implications/subject of the report require an Equality and Safety Impact Assessments (ESIA) to be carried out.	Yes/No
<b>Privacy Impact Assessment</b>	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	Yes/No
<b>Other Background Documents</b>	
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>	

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.		
2.		

A summary of the external factors in 2017-18 is provided by the council's treasury advisor, Arlingclose Ltd, and is detailed below.

**Economic background;** 2017-18 was characterised by the push-pull from expectations of tapering of Quantitative Easing (QE) and the potential for increased policy rates in the US and Europe and from geopolitical tensions, which also had an impact.

The UK economy showed signs of slowing with latest estimates showing Gross Domestic Product, helped by an improving global economy, grew by 1.8% in calendar year 2017, the same level as in 2016. This was a far better outcome than the majority of forecasts following the EU Referendum in June 2016, but it also reflected the international growth momentum generated by the increasingly buoyant US economy and the re-emergence of the Eurozone economies.

The inflationary impact of rising import prices, a consequence of the fall in sterling associated with the EU referendum result, resulted in year-on-year CPI rising to 3.1% in November before falling back to 2.7% in February 2018. Consumers felt the squeeze as real average earnings growth, i.e. after inflation, turned negative before slowly recovering. The labour market showed resilience as the unemployment rate fell back to 4.3% in January 2018. The inherent weakness in UK business investment was not helped by political uncertainty following the surprise General Election in June and by the lack of clarity on Brexit, the UK and the EU only reaching an agreement in March 2018 on a transition which will now span Q2 2019 to Q4 2020. The Withdrawal Treaty is yet to be ratified by the UK parliament and those of the other 27 EU member states and new international trading arrangements are yet to be negotiated and agreed.

The Bank of England's Monetary Policy Committee (MPC) increased the Bank Rate by 0.25% in November 2017. It was significant in that it was the first rate hike in ten years, although in essence the MPC reversed its August 2016 cut following the referendum result. The February *Inflation Report* indicated the MPC was keen to return inflation to the 2% target over a more conventional (18-24 month) horizon with 'gradual' and 'limited' policy tightening. Although in March two MPC members voted to increase policy rates immediately and the MPC itself stopped short of committing itself to the timing of the next increase in rates, the minutes of the meeting suggested that an increase in May 2018 was highly likely, however this did not materialise.

In contrast, economic activity in the Eurozone gained momentum and although the European Central Bank removed reference to an 'easing bias' in its market communications and had yet to confirm its QE intention when asset purchases end in September 2018, the central bank appeared some way off normalising interest rates. The US economy grew steadily and, with its policy objectives of price stability and maximising employment remaining on track, the Federal Reserve Open Market Committee (FOMC) increased interest rates in December 2017 by 0.25% and again in March, raising the policy rate target range to 1.50% - 1.75%. The FOMC is expected to deliver two more increases in 2018 and a further two in 2019. However, the imposition of tariffs on a broadening range of goods initiated by the US, which has led to retaliation by China, could escalate into a deep-rooted trade war having broader economic consequences including inflation rising rapidly, warranting more interest rate hikes.

**Financial markets:** The increase in Bank Rate resulted in higher money markets rates: 1-month, 3-month and 12-month LIBID rates averaged 0.32%, 0.39% and 0.69% and at 31<sup>st</sup> March 2018 were 0.43%, 0.72% and 1.12% respectively. Gilt yields displayed significant volatility over the twelve-month period with the change in sentiment in the Bank of England's outlook for interest rates. The yield on the 5-year gilts which had fallen to 0.35% in mid-June rose to 1.65% by the end of March. 10-year gilt yields also rose from their lows of 0.93% in June to 1.65% by mid-February before falling back to 1.35% at year-end. 20-year gilt yields followed an even more erratic path with lows of 1.62% in June, and highs of 2.03% in February, only to plummet back

down to 1.70% by the end of the financial year.

The FTSE 100 had a strong finish to calendar year 2017, reaching yet another record high of 7688, before plummeting below 7000 at the beginning of 2018 in the global equity correction and sell-off.

**Outlook for 2018/19:** The UK economy still faces a challenging outlook as the government continues to negotiate the country's exit from the European Union. The current soft UK economic environment prompted the MPC not to tighten policy in May. The economic data since then has been mixed, but suggests that GDP growth will recover somewhat in Q2 2018 after the weak expansion in Q1. The MPC appears to be focused on data sets that support monetary tightening, at the expense of others that show a less healthy economic environment.

Central bank actions and geopolitical risks, such as prospective trade wars, have and will continue to produce significant volatility in financial markets, including bond markets.

### Forecast interest Rates

	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
<b>Official Bank Rate</b>													
Upside rtsk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlinglose Central Case	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Downside rtsk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
<b>3-mth money market rate</b>													
Upside rtsk	0.00	0.10	0.10	0.10	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30
Arlinglose Central Case	0.55	0.85	0.90	1.10	1.15	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Downside rtsk	0.00	-0.30	-0.35	-0.55	-0.60	-0.80	-0.80	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
<b>1-yr money market rate</b>													
Upside rtsk	0.10	0.20	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlinglose Central Case	0.84	1.00	1.05	1.15	1.25	1.45	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Downside rtsk	-0.20	-0.35	-0.40	-0.50	-0.60	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
<b>5-yr gilt yield</b>													
Upside rtsk	0.00	0.15	0.15	0.20	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlinglose Central Case	1.00	1.20	1.25	1.30	1.40	1.40	1.40	1.40	1.40	1.35	1.30	1.30	1.30
Downside rtsk	0.00	-0.30	-0.40	-0.45	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60
<b>10-yr gilt yield</b>													
Upside rtsk	0.00	0.20	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlinglose Central Case	1.27	1.55	1.65	1.70	1.75	1.75	1.75	1.75	1.75	1.70	1.70	1.70	1.70
Downside rtsk	0.00	-0.35	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>20-yr gilt yield</b>													
Upside rtsk	0.00	0.20	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlinglose Central Case	1.72	1.90	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Downside rtsk	0.00	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45
<b>50-yr gilt yield</b>													
Upside rtsk	0.00	0.20	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlinglose Central Case	1.63	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.85	1.85
Downside rtsk	0.00	-0.35	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45

The above interest forecast are set against the following background:

- The MPC has maintained expectations of a rise in interest rates this year.
- Our central case is for Bank Rate is to rise once in 2018 and twice more in 2019. The risks are weighted to the downside.
- Gilt yields have been volatile, but remain historically low. We expect some upward movement from current levels based on our interest rate projections and the strength of the US economy, but volatility arising from both economic and political events will continue to offer borrowing opportunities.

## COMPLIANCE WITH PRUDENTIAL INDICATORS DURING 2017/18

The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

The Council complied with all of its Prudential Indicators. Details of the performance against key indicators are shown below:

### 1. Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits, and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels. Council approved the Capital Programme for 2017/18 to 2021/22 in February 2018. Planned capital expenditure and financing is summarised below, together with actual for 2017/18. The forecast has been amended to reflect the Capital update being submitted to council on 21 July 2018.

<b>Capital Expenditure and Financing</b>	<b>Actual 2017/18 £M</b>	<b>Forecast 2018/19 £M</b>	<b>Forecast 2019/20 £M</b>	<b>Forecast 2020/21 £M</b>	<b>Forecast 2021/22 £M</b>
General Fund	30.43	87.70	25.05	23.80	29.48
HRA	31.99	66.05	41.15	43.69	34.01
<b>Total Expenditure</b>	<b>62.42</b>	<b>153.75</b>	<b>66.20</b>	<b>67.49</b>	<b>63.49</b>
Council Resources	11.11	82.20	20.63	28.88	31.14
Capital Grants	17.03	28.50	20.37	5.70	0.00
Contributions	3.22	8.51	0.00	0.00	0.00
Major Repairs Allowance	19.26	19.76	23.48	22.47	21.10
Direct Revenue Financing	11.80	14.78	1.72	10.44	11.25
<b>Total Financing</b>	<b>62.42</b>	<b>153.75</b>	<b>66.20</b>	<b>67.49</b>	<b>63.49</b>

### 2. Gross Debt and the Capital Financing Requirement

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. If in any of these years there is a reduction in the CFR, this reduction is ignored in estimating the cumulative increase in the CFR which is used for comparison with gross external debt. The S151 Officer reports that the Authority had no difficulty in meeting this requirement in 2017/18, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

There is a significant difference between the gross external borrowing requirement and the net external borrowing requirement represented by the Council's level of balances, reserves, provisions and working capital. The Council's current strategy is only to borrow to the level of its net borrowing requirement. The reasons for this are to reduce credit risk, take pressure off the Council's lending list and also to avoid the cost of carry existing in the current interest rate

environment. The tables below detail our expected debt position and the year-on-year change to the CFR, updated to reflect the latest capital programme:

<b>Gross Debt</b>	<b>31/03/2018 Actual £M</b>	<b>31/03/2019 Estimate £M</b>	<b>31/03/2020 Estimate £M</b>	<b>31/03/2021 Estimate £M</b>	<b>31/03/2022 Estimate £M</b>
Borrowing (Long Term)	59.33	30.16	123.67	140.85	169.62
Borrowing (Short Term)	33.35	90.13	10.35	10.35	10.35
Finance leases and Private Finance Initiatives	58.84	56.74	53.73	50.55	46.98
Transferred Debt	14.55	14.19	13.83	13.46	13.10
<b>Total General Fund Debt</b>	<b>166.08</b>	<b>191.22</b>	<b>201.58</b>	<b>215.23</b>	<b>240.06</b>
HRA	158.48	176.19	174.90	175.74	174.42
<b>Total Debt</b>	<b>324.56</b>	<b>367.40</b>	<b>376.50</b>	<b>391.00</b>	<b>414.50</b>

<b>Capital Financing Requirement</b>	<b>31/03/2018 Actual £M</b>	<b>31/03/2019 Estimate £M</b>	<b>31/03/2020 Estimate £M</b>	<b>31/03/2021 Estimate £M</b>	<b>31/03/2022 Estimate £M</b>
Balance Brought forward	322.62	321.47	351.60	346.71	355.46
New Borrowing	4.41	37.38	4.41	17.83	29.48
MRP	(7.13)	(5.46)	(5.92)	(5.54)	(5.73)
Appropriations (to) from HRA	0.00	0.00	0.00	0.00	0.00
Movement in Other Liabilities	(3.78)	(2.46)	(3.38)	(3.54)	(3.94)
MRP Holiday	5.35	0.67	0.00	0.00	0.00
<b>Total General Fund Debt</b>	<b>321.47</b>	<b>351.60</b>	<b>346.71</b>	<b>355.46</b>	<b>375.28</b>
HRA	158.48	176.19	174.90	175.74	174.42
<b>Total CFR</b>	<b>479.95</b>	<b>527.78</b>	<b>521.61</b>	<b>531.21</b>	<b>549.70</b>

### **3. Authorised Limit and Operational Boundary for External Debt**

The Operational Boundary for External Debt is based on the Authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Authority's debt.

The Authorised Limit for External Debt is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

The S151 Officer confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2017/18; borrowing at its peak was £268.9M plus other deferred liabilities of £80M.

### **4. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure**

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.



	Limits for 2017/18 (%)	Maximum during 2017/18 (%)
Upper Limit for Fixed Rate Exposure	100	95
Compliance with Limits:	Yes	Yes
Upper Limit for Variable Rate Exposure	50	18
Compliance with Limits:	Yes	Yes

## 5. Total Principal Sums Invested for Periods Longer Than 364 days

This indicator allows the Council to manage the risk inherent in investments longer than 364 days and the limit is set at £80M. In 2017/18 the actual principal sum invested for periods longer than 364 days peaked at £41M, (compared to £32M in 2016/17). This reflects the continued investment into the longer term secured bond market and LAPF property fund.

## 6. Maturity Structure of Fixed Rate Borrowing

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period.

Fixed Rate Debt	Lower Limit %	Upper Limit %	Actual Fixed Debt as at 31/3/2018 £M	Average Fixed Rate as at 31/3/2018 %	% of Fixed Rate as at 31/3/2017	Compliance with set Limits?
Under 12 months	0	45	39.36	3.08	18	Yes
12 months and within 24 months	0	45	4.78	3.05	2	Yes
24 months and within 5 years	0	50	35.92	3.31	16	Yes
5 years and within 10 years	0	55	0.00	0.00	0	Yes
20 years and within 30 years	0	65	15.00	4.65	7	Yes
30 years and within 40 years	0	75	84.10	3.81	38	Yes
40 years and within 50 years	0	75	39.75	3.55	18	Yes
			<b>218.90</b>	<b>3.57</b>	<b>100</b>	

*Please note: the TM Code Guidance Notes (Page 15) states: "The maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment. If the lender has the right to increase the interest rate payable without limit, such as in a LOBO loan, this should be treated as a right to require payment". For this indicator, the next option dates on the Council LOBO loans will therefore determine the maturity date of the loans.*

## 7. Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The ratio is based on the forecast of net revenue expenditure in the medium term financial model. The upper limit for this ratio is currently set at 10% and will remain so for the General Fund to allow for known borrowing decision in the next two years and to allow for additional borrowing affecting major schemes. The table below shows the likely position based on the proposed capital programme (including cost of long term liabilities).

This indicator is not so relevant for the HRA, especially since the introduction of self-financing, as financing costs have been built into their 30 year business plan, including the voluntary payment of MRP, which is the main contributor for the increase in 2019/20 and 2020/21. No

problem is seen with the affordability but if problems were to arise then the HRA would have the option not to make principle repayments in the early years.

Ratio of Financing Costs to Net Revenue Stream	2017/18 Actual %	2018/19 Forecast %	2019/20 Forecast %	2020/21 Forecast %	2021/22 Forecast %
General Fund*	9.61	7.79	9.63	9.76	10.31
HRA	15.25	16.28	33.63	21.33	9.78
<b>Total</b>	<b>11.89</b>	<b>10.97</b>	<b>17.53</b>	<b>14.27</b>	<b>11.50</b>

\*The figure quoted as the actual for 2017/18 General Fund includes MRP due for the year but not actually charged to revenue due to previous overprovision.

## 8. Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the authority adopted the principles of best practice.

The Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services Code* on 19 February 2003 and all its subsequent updates. (latest 2011 edition)

## 9. HRA Limit on Indebtedness

Local authorities are required to report the level of the HRA CFR compared to the level of debt which is imposed (or subsequently amended) by the DCLG at the time of implementation of self-financing. Forecast figures have been update to reflect capital programme being submitted to Council on 21<sup>th</sup> July 2018.

HRA Limit on Indebtedness	2017/18 Actual £M	2018/19 Forecast £M	2019/20 Forecast £M	2020/21 Forecast £M	2021/22 Forecast £M
Brought Forward	163.19	158.48	176.19	174.90	175.74
Maturing Debt	(5.52)	(5.50)	(17.50)	(9.25)	(1.32)
New borrowing	0.81	23.21	16.21	10.09	0.00
Appropriations (to) from HRA	0.00	0.00	0.00	0.00	0.00
<b>Carried forward</b>	<b>158.48</b>	<b>176.19</b>	<b>174.90</b>	<b>175.74</b>	<b>174.42</b>
HRA Debt Cap (as prescribed by CLG)	199.60	199.60	199.60	199.60	199.60
<b>Headroom</b>	<b>41.12</b>	<b>23.41</b>	<b>24.70</b>	<b>23.86</b>	<b>25.18</b>

## 10. Summary

As indicated in this report none of the Prudential Indicators have been breached.



### Investment Benchmarking

31 March 2018

Southampton  
21 English Unitaries Average  
135 LAs Average

Internal Investments	£46.2m	£51.0m	£57.1m
External Funds	£27.0m	£13.5m	£10.2m
<b>TOTAL INVESTMENTS</b>	<b>£73.2m</b>	<b>£62.0m</b>	<b>£67.4m</b>

#### Security

Average Credit Score	3.67	4.24	4.24
Average Credit Rating	AA-	AA-	AA-
Average Credit Score (time-weighted)	1.34	3.97	4.03
Average Credit Rating (time-weighted)	AAA	AA-	AA-
Number of Counterparties / Funds	19	15	15
Proportion Exposed to Bail-in	55%	61%	55%

#### Liquidity

Proportion Available within 7 days	35%	51%	42%
Proportion Available within 100 days	49%	71%	69%
Average Days to Maturity	171	68	35

#### Market Risks

Average Days to Next Rate Reset	140	80	58
External Fund Volatility	2.2%	1.2%	2.1%

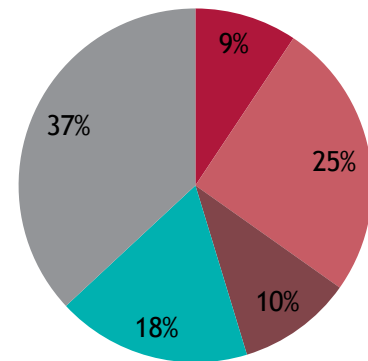
#### Yield

Internal Investment Return	1.00%	0.58%	0.63%
External Funds - Income Return	4.65%	3.34%	3.22%
External Funds - Capital Gains/Losses	0.85%	1.18%	0.19%
External Funds - Total Return	5.51%	4.52%	3.41%
Total Investments - Income Return	2.35%	1.08%	1.05%
<b>Total Investments - Total Return</b>	<b>2.66%</b>	<b>1.40%</b>	<b>1.08%</b>

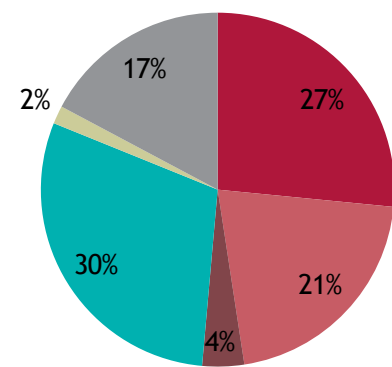
#### Notes

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by size of investment, but averages across authorities are not weighted.
- Credit scores are calculated as AAA = 1, AA+ = 2, etc.
- Volatility is the standard deviation of weekly total returns, annualised.

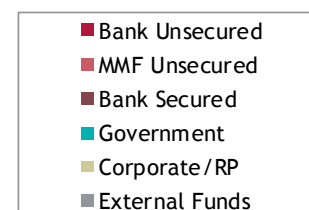
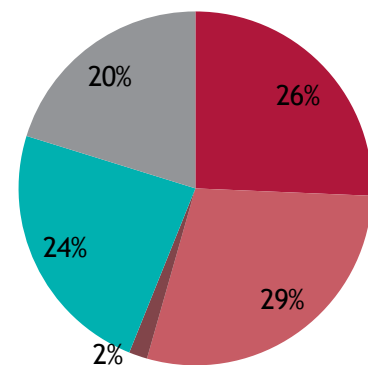
**Southampton**



**All Arlingclose Clients**



**English Unitaries**



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### GLOSSARY OF TREASURY TERMS

**Authorised Limit (Also known as the Affordable Limit):**

A statutory limit that sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities).

**Balances and Reserves:**

Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.

**Bail - in (Risk):**

Following the financial crisis of 2008 when governments in various jurisdictions injected billions of dollars into banks as part of bail-out packages, it was recognised that bondholders, who largely remained untouched through this period, should share the burden in future by making them forfeit part of their investment to "bail in" a bank before taxpayers are called upon.

A bail-in takes place before a bankruptcy and under current proposals, regulators would have the power to impose losses on bondholders while leaving untouched other creditors of similar stature, such as derivatives counterparties. A corollary to this is that bondholders will require more interest if they are to risk losing money to a bail-in.

**Bank Rate:**

The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.

**Bond:**

A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The repayment date is also set at the onset but can be traded during its life, but this will affect the price of a bond which may vary during its life.

**Capital Expenditure:**

Expenditure on the acquisition, creation or enhancement of capital assets.

**Capital Financing Requirement (CFR):**

The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need.

**CD's:**

Certificates of Deposits with banks and building societies

**Capital Receipts:**

Money obtained on the sale of a capital asset.

**Constant Net Asset Value (CNAV)**

These are Money Market Funds which maintain a stable price of £1 per share when investors redeem or purchase shares which mean that that any investment will not fluctuate in value.

**Corporate Bonds:**

Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.

**Cost of Carry:**

The "cost of carry" is the difference between what is paid to borrow compared to the interest which could be earned. For example, if one takes out borrowing at 5% and invests the money at 1.5%, there is a cost of carry of 3.5%.

**Counterparty List:**

List of approved financial institutions with which the Council can place investments with.

**Covered Bond:**

Covered bonds are debt securities backed by cash flows from mortgages or public sector loans. They are similar in many ways to asset-backed securities created in securitisation, but covered bond assets remain on the issuer's consolidated balance sheet (usually with an appropriate capital charge). The covered bonds continue as obligations of the issuer (often a bank); in essence, the investor has recourse against the issuer and the collateral, sometimes known as "dual recourse."

**CPI :**

Consumer Price Index – the UK's main measure of inflation.

**Credit Rating:**

Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.

**Department for Communities and Local Government (DCLG) :**

The DCLG is the UK Government department for Communities and Local Government in England. It was established in May 2006 and is the successor to the Office of the Deputy Prime Minister, established in 2001.

**Diversify /diversified exposure:**

The spreading of investments among different types of assets or between markets in order to reduce risk.

**Federal Reserve:**

The US central bank. (Often referred to as "the Fed").

**FTSE 100 Index:**

The FTSE 100 Index is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalisation. It is one of the most widely used stock indices and is seen as a gauge of business prosperity for business regulated by UK

company law. The index is maintained by the FTSE Group, a subsidiary of the London Stock Exchange Group.

**General Fund:**

This includes most of the day-to-day spending and income.

**Gilts:**

Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged': being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.

**Gross Domestic Product (GDP):**

Gross Domestic Product measures the value of goods and services produced within a country. GDP is the most comprehensive overall measure of economic output and provides key insight as to the driving forces of the economy.

**The G7:**

The G7, is a group consisting of the finance ministers of seven industrialised nations: namely the US, UK, France, Germany, Italy, Canada and Japan. They are seven of the eight (China excluded) wealthiest nations on Earth, not by GDP but by global net wealth. The G7 represents more than the 66% of net global wealth (\$223 trillion), according to Credit Suisse Global Wealth Report September 2012.

**IFRS:**

International Financial Reporting Standards.

**LIBID:**

The London Interbank Bid Rate (LIBID) is the rate bid by banks on Eurocurrency deposits (i.e. the rate at which a bank is willing to borrow from other banks). It is "the opposite" of the LIBOR (an offered, hence "ask" rate, the rate at which a bank will lend). Whilst the British Bankers' Association set LIBOR rates, there is no correspondent official LIBID fixing.

**LOBO:**

Stands for Lender Option Borrower Option. The underlying loan facility is typically very long-term - for example 40 to 60 years - and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the 'option' to either accept the new imposed fixed rate or repay the loan facility. The upshot of this is that on the option exercise date, the lender could propose an extreme fixed rate, say 20 per cent, which would effectively force the repayment of the underlying facility. The borrower's so called 'option' is only the inalienable right to accept or refuse a new deal such as a fixed rate of 20 per cent.

**Maturity:**

The date when an investment or borrowing is repaid.

**Maturity Structure / Profile:**

A table or graph showing the amount (or percentage) of debt or investments maturing over a time period. The amount or percent maturing could be shown on a year-by-year or quarter-by-quarter or month-by-month basis.

**Minimum Revenue Provision (MRP):**

An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.

**Money Market Funds (MMF):**

An open-end mutual fund which invests only in money markets. These funds invest in short term debt obligations such as short-dated government debt, certificates of deposit and commercial paper. The main goal is the preservation of principal, accompanied by modest dividends. The fund's net asset value remains constant (eg £1 per unit) but the interest rate does fluctuate. These are liquid investments, and therefore, are often used by financial institutions to store money that is not currently invested. Risk is extremely low due to the high rating of the MMFs; many have achieved AAA credit status from the rating agencies:

- **Constant net asset value (CNAV)** refers to funds which use amortised cost accounting to value all of their assets. They aim to maintain a net asset value (NAV), or value of a share of the fund, at €1/£1/\$1 and calculate their price to two decimal places known as "penny rounding". Most CNAV funds distribute income to investors on a regular basis (distributing share classes), though some may choose to accumulate the income, or add it on to the NAV (accumulating share classes). The NAV of accumulating CNAV funds will vary by the income received.
- **Variable net asset value (VNAV)** refers to funds which use mark-to-market accounting to value some of their assets. The NAV of these funds will vary by a slight amount, due to the changing value of the assets and, in the case of an accumulating fund, by the amount of income received.

This means that a fund with an unchanging NAV is, by definition, CNAV, but a fund with a NAV that varies may be accumulating CNAV or distributing or accumulating VNAV.

**Non Specified Investment:**

Investments which fall outside the CLG Guidance for **Specified investments** (below).

**Operational Boundary:**

This linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

**Premiums and Discounts:**

In the context of local authority borrowing,

- (a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and
- (b) the discount is the gain arising when a loan is redeemed prior to its maturity date.

If on a £1 million loan, it is calculated that a £150,000 premium is payable on premature redemption, then the amount paid by the borrower to redeem the loan is £1,150,000 plus accrued interest. If on a £1 million loan, it is calculated\* that a £50,000 discount receivable on premature redemption, then the amount paid by the borrower to redeem the loan is £950,000 plus accrued interest. PWLB premium/discount rates are calculated according to the length of time to maturity, current market rates (plus a margin), and the existing loan rate which then produces a premium/discount dependent on whether the discount rate is lower/higher than the coupon rate.



*\*The calculation of the total amount payable to redeem a loan borrowed from the Public Works Loans Board (PWLB) is the present value of the remaining payments of principal and interest due in respect of the loan being repaid prematurely, calculated on normal actuarial principles. More details are contained in the PWLB's lending arrangements circular.*

**Property:**

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

**Prudential Code:**

Developed by CIPFA and introduced on 01/4/2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.

**Prudential Indicators:**

Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators

**Public Works Loans Board (PWLB):**

This is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

**Quantitative Easing (QE):**

In relation to the UK, it is the process used by the Bank of England to directly increase the quantity of money in the economy. It *“does not involve printing more banknotes. Instead, the Bank buys assets from private sector institutions – that could be insurance companies, pension funds, banks or non-financial firms – and credits the seller’s bank account. So the seller has more money in their bank account, while their bank holds a corresponding claim against the Bank of England (known as reserves). The end result is more money out in the wider economy”*. Source: Bank of England.

**Regularity Method - MRP:**

As detailed under MRP, this is a charge to revenue to repay capital expenditure financed by borrowing. There are a number of options for a prudent provision and this is for debt prior to 2008 which is supported by the Government through the RSG system. Although regulation 28 is revoked by regulation 4(1) of the 2008 Regulations, authorities are able to calculate MRP as if it were still in force.

**Revenue Expenditure:**

Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.

**RPI:**

Retail Prices Index is a monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent. Pensions and index-linked gilts are uprated using the RPI index.

**(Short) Term Deposits:**

Deposits of cash with terms attached relating to maturity and rate of return (Interest).

**Specified Investments:**

Term used in the CLG Guidance and Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than one year. UK government, local authorities and bodies that have a high credit rating.

**Supported Borrowing:**

Borrowing for which the costs are supported by the government or third party.

**Temporary Borrowing:**

Borrowing to cover peaks and troughs of cash flow, not to fund capital spending.

**Treasury Management Code:**

CIPFA's Code of Practice for Treasury Management in the Public Services, initially brought in 2003, subsequently updated in 2009 and 2011.

**Treasury Management Practices (TMP):**

Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these activities.

**Unsupported Borrowing:**

Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.

**Variable Net Asset Value (VNAV):**

Redemptions and investments in Money Market Funds (MMF's) are on the basis of the fund's Net Asset Value (NAV) per share. The NAV of any money market fund is the market value of the fund's assets minus its liabilities and is stated on a per share basis. The net value of the assets held by an MMF can fluctuate, and the market value of a share may not always be exactly the amount that has been invested.

**Yield:**

The measure of the return on an investment instrument.

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<b>DECISION-MAKER:</b>	<b>COUNCIL</b>		
<b>SUBJECT:</b>	<b>LOCAL AUTHORITY TRADING COMPANY ('LATCO') FOR SOME COUNCIL SERVICES</b>		
<b>DATE OF DECISION:</b>	<b>18 JULY 2018</b>		
<b>REPORT OF:</b>	<b>LEADER OF THE COUNCIL</b>		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Richard Crouch Interim Chief Executive</b>	<b>Tel: 023 8083 3360</b>
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<b>STATEMENT OF CONFIDENTIALITY</b>
None.

<b>BRIEF SUMMARY</b>	
<p>The purpose of this report is to update Council on the outcome of the Local Authority Trading Company (LATCo) project since the last report to Cabinet in January 2018.</p> <p>The report summarises:</p> <ul style="list-style-type: none"> <li>▪ the background to this initiative and the activity undertaken by the project to date; and</li> <li>▪ the proposed next steps.</li> </ul>	
<b>RECOMMENDATIONS:</b>	
(i)	To consider and take into account the outcome of the Best Value Consultation undertaken in fulfilment of s.3(2) Local Government Act 1999;
(ii)	To consider and take into account the outcome of the staff consultation and the ballots carried out by the recognised Trade Unions in relation to the establishment of a LATCo;
(iii)	<p>Having considered (i) and (ii) above, as well as the contents of this report, to</p> <ul style="list-style-type: none"> <li>(a) endorse the temporary postponement of the formal establishment of the LATCo as a company limited by shares;</li> <li>(b) support the continued implementation of Business Academy workshops and the commercialisation of Council services; and</li> <li>(c) endorse the development and implementation of a trading capability within the Council in support of practical application of (b) above, until such time that a recommendation for the formation of a company limited by shares (LATCo) is brought back to Council for its consideration and endorsement;</li> </ul>

	(iv)	To delegate authority to the Chief Executive, following consultation with the Leader of the Council, to take all the necessary steps required for developing and implementing a trading capability within the Council as a pre-cursor to a LATCo.
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**REASONS FOR REPORT RECOMMENDATIONS**

1.	The postponement of the formation of a LATCo as a separate company is a result of other project recommendations being made to Council, and the need to ensure that the requisite number and type of Council resources required to successfully deliver such an undertaking can be properly allocated to the project.
2.	The continued commercialisation of Council services is required to ensure the on-going development of commercial skills and capability to support trade.
3.	<p>The development and implementation of a trading capability that operates from within the Council is necessary to ensure that:</p> <ul style="list-style-type: none"> <li>(a) opportunities arising from the business planning activity that has been worked on in relation to the LATCo are implemented and not lost;</li> <li>(b) the service improvement initiatives that had been identified for the services transferring to the LATCo are acted upon and delivered;</li> <li>(c) the trading opportunity for other services not originally in scope for transfer to the LATCo can also be considered and developed; and</li> <li>(d) a strong commercial foundation is established ahead of the eventual consideration of a LATCo as a separate limited liability company.</li> </ul>
4.	To support the Council in achieving its aim of continuing to grow the local economy, bringing investment into the city and increasing employment opportunities for local people.

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

5.	The recommendation to set up a trading capability within the Council is not an alternative to the LATCo, but rather an incremental solution to support the commercialisation and trading ambitions of the Council while other corporate project requirements are considered and implemented.
6.	The establishment of a LATCo was originally considered along a number of alternative service delivery models including: the option to retain and to continue operating the services 'in-house' as undertaken currently; outsourcing; joint venture; and even the disposal (sale) of services.
7.	An options appraisal was presented to Cabinet in December 2016 but the alternative options were not considered to support the aims and aspirations of the Council to the same extent as the recommended option of establishing a LATCo.
8.	<p>Following the Cabinet meeting of December 2016, further consideration was given to how the preferred LATCo option could be structured and three 'variant' options were presented to Cabinet in August 2017. These included:</p> <ul style="list-style-type: none"> <li>▪ Establishing the LATCo with no external partner support;</li> <li>▪ Establishing the LATCo with external partner support for all services in scope; and</li> </ul>



	<ul style="list-style-type: none"> <li>▪ Establishing the LATCo with external partner support for some of the services in scope.</li> </ul>
9.	Following consideration of these variant LATCo options and representations obtained from staff and the public as part of an initial Best Value consultation held in June/July 2017, Cabinet agreed that the option of establishing a LATCo with no external partner support was in the best interests of the Council, and that the continued development of the LATCo project should proceed on this basis.
<b>DETAIL (Including consultation carried out)</b>	
	<b>BACKGROUND</b>
10.	In April 2015 Southampton City Council launched a major transformation programme aimed at improving customer service and outcomes, organisational capability and practice, and the need to close a projected financial gap of £90m by the financial year 2019/20.
11.	A significant number of change programmes and projects have been identified from these activities. Key among these was a proposal to Cabinet in December 2016 to consider the establishment of a Local Authority Trading Company ('LATCo') as the next stage of organisational development for the following Council services: Housing Management and Housing Operations; Street Cleansing; Waste Management & Collection; Parks & Open Spaces; Car Parking, Ticketing and Barrier Operations; Facilities Management; Itchen Bridge Operations; and Transport.
12.	At its meeting in December 2016, Cabinet favoured the LATCo option over alternative delivery model options and approved the launch of the LATCo programme with the objective of establishing a Local Authority Trading Company for the management, delivery and commercialisation of the said services. At this meeting, Cabinet also considered the potential option of appointing one or more public and/or private sector partners to support the LATCo in the discharge of its duties.
13.	Following the Cabinet meeting in December 2016, work was undertaken to define in more detail the functions of the services that had been identified to transfer to the LATCo. Consideration was also given to different options for the appointment of one or more external partners to support the delivery and commercialisation of the services. An initial Best Value consultation process was also carried out in June/July 2017 with staff, unions and the public, on the proposed establishment of the LATCo, the functions proposed for transfer, and the variations on the structural form that the organisation could take.
14.	The representations from staff and unions on the variant LATCo structure options, as well as feedback arising from the Best Value consultation was reported to Cabinet in August 2017. Following consideration of this feedback, Cabinet selected the establishment of a LATCo without the procurement of an external partner as its preferred variant option. At this meeting, Cabinet also endorsed the proposal to remove the Itchen Bridge operations from the scope of services for the LATCo and approved the addition of Pest Control services. The final set of services in scope for transfer to the LATCo therefore included: <ul style="list-style-type: none"> <li>▪ Waste collection and management;</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Street Cleansing;</li> <li>▪ Pest Control;</li> <li>▪ Parks and Open Spaces;</li> <li>▪ Tree Surgery and Consultancy;</li> <li>▪ Fleet Management;</li> <li>▪ Car Parking Operations;</li> <li>▪ Facilities Management;</li> <li>▪ Transport; and</li> <li>▪ Housing Management and Operations.</li> </ul> <p>Not all of the functions carried out by these services were in scope for transfer to the LATCo and some elements of the services would have been retained by the Council.</p>
15.	<p>In January 2018, Cabinet was presented with a further update on the progress of the project since the previous Cabinet meeting in August 2017, which activity majored on:</p> <ul style="list-style-type: none"> <li>▪ a re-alignment of the programme strategy to take account of the decision not to pursue the procurement of an external partner to support the LATCo;</li> <li>▪ the undertaking of workshops with the affected services in order to identify and address considerations of service improvement and business development opportunities that were previously earmarked for discussion as part of the aforementioned procurement process;</li> <li>▪ the development of governance arrangements for the LATCo;</li> <li>▪ discussions with the Unions on staffing considerations and the development of a draft memorandum of understanding as a precursor to a Collective Agreement for LATCo staff.</li> </ul> <p>Due the size of the transferring services in scope (involving approximately 883 staff) and the different stages of their operational maturity and commercial readiness, Cabinet also endorsed the phased migration of services to the LATCo, with the initial group comprising waste management and collection, parks and open spaces, street cleansing, pest control, tree surgery and fleet management (collectively City Services) and car parking operations with a target transfer date of 1 October 2018. These would be followed by Facilities Management and Transport, and thereafter Housing services.</p> <p>Cabinet was also requested to consider and endorse the next stage of Best Value consultation as required by law.</p>

	<b>PROJECT UPDATE</b>
16.	<p>Since the report to Cabinet in January 2018, the focus of the project activity has centred on:</p> <ul style="list-style-type: none"> <li>▪ the preparation of service improvement plans, and the identification of business development initiatives for the initial transferring services, developed through a series of 'Business Academy' workshops;</li> <li>▪ the development of a business case and a business plan for the LATCo;</li> <li>▪ the development of the governance and operational arrangements to underpin the LATCO and its working arrangements with the Council;</li> <li>▪ extensive staff briefing, consultation and workshop sessions supported by the Trade Unions; and</li> <li>▪ the preparation of staffing plans for the eventual TUPE transfer of staff to the LATCo, including discussions with the Hampshire Pension Fund.</li> </ul>
	<i>Service and Business Development Initiatives</i>
17.	<p>The Business Academy process was launched with the support of the Traded Development service at Essex County Council. This service has been operational for several years and its activity has supported various Essex County Council services (as well as services at other Councils) explore, launch and successfully manage their own trading opportunities.</p>
18.	<p>The Business Academy involved a series of interactive sessions over an 8 week period during which relevant officers participated in a series of intensive 'masterclasses' designed to provide a mix of 'class room' based instruction on topics such as sales and marketing, business process and people change, and financial management, and a hands on approach to the formulation of business development plans for their services.</p>
19.	<p>The assessment arising from this process identified a number of strengths that can support the development of 'unique selling propositions' that the services can use to compete in the market. Key among these include:</p> <ul style="list-style-type: none"> <li>▪ Public Sector brand, with associated values such as quality and trust;</li> <li>▪ Local embedded knowledge, skills and experience;</li> <li>▪ Access to a large and local service infrastructure;</li> <li>▪ Experience of managing significant capital assets (e.g. managing the assets of the largest residential landlord in the city, depots etc.);</li> <li>▪ the "Southampton Pound" - purchasing services and products from a wholly-owned council company keeps purchasing power in the region and enables money to be reinvested locally.</li> </ul>
20.	<p>The assessment also highlighted a number of 'gaps' or areas of performance that are not as high as when compared to benchmarks, and where on-going improvements are possible. These have been grouped into common themes focusing on operational management activity, financial management and commercialisation, systems (IT and business processes), and service standards/ policies.</p>

21.	However, good performance in a number of areas, as well as an analysis of relevant markets, would suggest that there are a number of potential commercial development opportunities available to the services. These opportunities are specific to the different individual services and reflect different stages of existing commercial activity and maturity to trade by the services, as well as competitor activity / growth prospects in their respective markets.
	<i>Business Case and Business Plan</i>
22.	Another key element of the project activity since January has been on developing a business case for the LATCo and a business plan to guide its operations.
23.	The business case considered both external market factors that support the case for a LATCo, as well as internal organisational drivers.
24.	The business plan for the LATCo considered the composition, requirements and opportunities for the services in question, and developed the propositions arising from the business academy workshop further. Financial projections of income and expenditure were also prepared.
	<i>Governance</i>
25.	The governance requirements for the LATCo were also considered and draft Articles of Association were prepared for its potential eventual formation as a company limited by shares.
26.	The Articles cover the powers and limitations that a Board of Directors of the LATCo would have, and also clearly delineate the control that the Council would continue to retain through its role as sole owner / shareholder of the company, in relation to critical decision-making powers (referred to as 'reserved matters'). The necessary documents to move forward with company registration are ready to be considered when the time is right.
27.	A further measure of control exercised by the Council on the LATCo would be through its relationship as client of the Services that the LATCo would be providing to it. In this respect, draft contracts of service are also available to cover the delivery of the services from the LATCo to the Council. Further work is continuing on developing detailed specifications for these services.
28.	The organisational and management requirements for the LATCo were also considered and a management team, initially comprising of a Managing Director, a Finance Director, a Commercial Director, and an Operations Director, was being proposed.
29.	The positions of MD, Finance Director and Operations Director were proposed to be initially filled by the SCC officers currently holding the position of Chief Operating Officer (whose roles are currently partly covered by the Interim Deputy Chief Executive Officer), Service Director Finance & Commercialisation (SCC's designated S151 officer) and Service Director Transactions & Universal Services respectively. The purpose behind these dual responsibilities (SCC and LATCo) was to help support an orderly

	transition of the services from SCC to the LATCo, ensure the LATCo is set up with an ethos that is consistent with and sympathetic to the Council's priority outcomes and social values, and also limit the management overhead of the LATCo.
30.	The position of Commercial Director would however be newly created and recruited to, in recognition of the Council's need for commercial skills and expertise in this niche area.
31.	As Council staff delivering the Services would be subject to transfer to the LATCo under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) Regulations, it was agreed with the Trade Unions recognised by the Council that a separate and direct collective agreement would be signed between them and the LATCo. The provisions of this agreement would mirror those of the Collective Agreement in force between the Trade Unions and the Council.
32.	Because a Collective Agreement cannot be entered into prior to the Council's approval of a report recommending the formation of a LATCo and the actual formation of the company itself, a Memorandum of Understanding has been agreed with the recognised Trade Unions to cover the heads of terms for a possible eventual Collective Agreement.
33.	<p>Of particular note are the following the key principles:</p> <ol style="list-style-type: none"> <li>1. staff transferring from the Council to the LATCo would join the LATCo on their existing contractual Council terms and conditions at the point of transfer, including membership of the Local Government Pension Scheme (LGPS) and recognised continuous service;</li> <li>2. any new appointments in the LATCo would be on the same terms and conditions and include membership of the Local Government Pension Scheme (LGPS); and</li> <li>3. new staff transferring to the LATCo as a result of contracts won from other organisations would be discussed and agreed with the recognised Trade Unions on a case by case basis with the intention of offering SCC Terms and Conditions as soon as reasonably possible, whilst cognisant of the need to respect TUPE legislation.</li> </ol> <p>It should also be noted that:</p> <ol style="list-style-type: none"> <li>1. staff in scope for TUPE who would choose not to transfer would, by operation of law, be deemed to have terminated their employment with the Council on the day of transfer, without notice or redundancy payment; and</li> <li>2. all matters pertaining to staff terms and conditions are a 'Reserved Matter' in the Articles of the company and would be referred to the Council for endorsement / direction. The Council would also continue to be the sole body setting future Terms and Conditions for both Council staff and LATCo staff, and these terms and conditions would also be universal.</li> </ol>

	<i>Best Value Consultation</i>																					
34.	Under s3(2) Local Government Act 1999 the Council is under a duty to consult service users/tax payers and those with "an interest in the services" before deciding to transfer services or make a Best Value Arrangement.																					
35.	Initial consultation on the proposed establishment of a LATCo, the services in scope for transfer and the potential procurement of external partners was carried out from 15 June to 13 July 2017 and sought views from staff, residents, stakeholders and partner organisations.																					
36.	923 representations were made and these were presented to Cabinet in August 2017 based on which Cabinet: <ol style="list-style-type: none"> <li>1. noted the support for the establishment of a LATCo for the said services and endorsed the continued development of this project; and</li> <li>2. considering the mixed reactions for the need of an external partner to support the LATCo and having fully weighed the issues identified, decided that the project should discontinue the activity for undertaking a procurement process for the appointment of external partners.</li> </ol>																					
37.	Following the development of more detailed proposals for the LATCo and the transferring services, a further and final Best Value consultation ran for 12 weeks from 17 January 2018 to 10 April 2018.																					
38.	In total, 311 respondents completed the consultation questionnaire on the more detailed LATCo proposals. Of the total, 137 (44%) respondents work for Southampton City Council, 146 (47%) respondents do not work for Southampton City Council and 26 (8%) preferred not to say. Respondents could select the different service proposals that they wanted to provide feedback on. All service areas had at least 179 respondents and housing management and operations had the most respondents at 246.																					
39.	The following table shows the proportion of respondents that agreed or disagreed with the proposals for each service area. Overall, there were higher levels of agreement than disagreement with the proposals. <table border="1" data-bbox="331 1556 1342 2083"> <thead> <tr> <th>Service area</th> <th>Agreement with the proposals (Strongly agree or agree)</th> <th>Disagreement with the proposals (Strongly disagree or disagree)</th> </tr> </thead> <tbody> <tr> <td>Waste</td> <td>71%</td> <td>21%</td> </tr> <tr> <td>Street cleansing</td> <td>70%</td> <td>24%</td> </tr> <tr> <td>Pest Control</td> <td>74%</td> <td>18%</td> </tr> <tr> <td>Fleet transport</td> <td>66%</td> <td>17%</td> </tr> <tr> <td>Parks and Open Spaces</td> <td>62%</td> <td>24%</td> </tr> <tr> <td>Car Parking</td> <td>54%</td> <td>30%</td> </tr> </tbody> </table>	Service area	Agreement with the proposals (Strongly agree or agree)	Disagreement with the proposals (Strongly disagree or disagree)	Waste	71%	21%	Street cleansing	70%	24%	Pest Control	74%	18%	Fleet transport	66%	17%	Parks and Open Spaces	62%	24%	Car Parking	54%	30%
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	Transport	63%	23%
	Facilities Management	60%	22%
	Housing Management	51%	36%
	Housing Operations	58%	29%
40.	<p>In total, 48% of respondents agreed that creating a Local Authority Trading Company with the services shown would create maximum benefit for Southampton residents. 29% of respondents disagreed.</p> <p>Overall, 45% of respondents felt that the implementation of the proposals would have a positive impact on them and their community and 31% of respondents felt it would have a negative impact.</p>		
	<i>Staff Consultation</i>		
41.	<p>Extensive staff consultation briefings were held with all members of staff working in the Services subject to transfer, as well as other staff providing back office support services and anyone else employed by the Council who was interested in keeping abreast with the development of the project.</p>		
42.	<p>Unite and Unison also balloted their members on the establishment of the LATCo. 81% of Unite and 69% of UNISON members voted in favour of backing the formation of a LATCo.</p>		
	<b>Next Steps</b>		
43.	<p>Although a significant element of the work and consultation required for the establishment of a LATCo has now been completed, there remains an amount of work that would still need be required in order to formally set up the LATCo. Key among this includes:</p> <ul style="list-style-type: none"> <li>▪ mobilising and planning the transfer of staff to the LATCo;</li> <li>▪ undertaking statutory TUPE consultation;</li> <li>▪ communicating the change with existing suppliers and customers of the Services;</li> <li>▪ implementing the necessary changes to the current IT infrastructure;</li> <li>▪ implementing the necessary changes to personnel records;</li> <li>▪ implementing the necessary changes to the Council's financial accounting software so that a new chart of accounts and financial statements can be prepared and maintained for the LATCo;</li> <li>▪ organising new pension operational arrangements with the Pension Fund;</li> <li>▪ finalising the specifications for the Services and signing the contracts of service between the LATCo and Council;</li> <li>▪ registering the company with Companies House;</li> <li>▪ appointing a Board of Directors; and</li> <li>▪ recruiting to the new position of Commercial Director and organising the marketing funds and material required to support the planned business development activity.</li> </ul>		
44.	<p>This activity would require a significant amount of Council staff resource time and effort and, in particular, the commitment of resources that are also expected to deliver on other equally large and challenging projects that are,</p>		

	or would be, implemented at the same time as the formation of the LATCo and transfer of services.
45.	<p>In view of the Council's finite resource availability, as well as full consideration of the risks associated with the delivery of these other major projects, it is being recommended that:</p> <ol style="list-style-type: none"> <li>1. the formal establishment of the LATCo through the formation of a limited company registered with Companies House is temporarily suspended; <u>but that</u></li> <li>2. the activity undertaken to date (and planned to be undertaken) in relation to supporting the commercial readiness of services across the Council continues as planned;</li> <li>3. the appointment of a Commercial Director to lead the Council's trading and commercial activity proceeds as planned;</li> <li>4. pending any future decision on the formal formation of the LATCo as a limited liability company, consideration is given to how trading activity across services can be better organised, managed and promoted in the marketplace from within the Council;</li> <li>5. the service improvement changes and business development activity that would have been undertaken by the LATCo are (wherever possible) still undertaken by the Services; and</li> <li>6. work which is on-going on the development of service specifications for both the Services in scope as well as back off support activity is finalised as planned.</li> </ol> <p>For the avoidance of doubt, the temporary suspension of the formation of a LATCo also means that there will be <u>no requirement</u> for a TUPE transfer of staff and no changes required to the existing pension arrangements with the Hampshire Fund.</p>
46.	A further report will be presented to Council in due course to update Council on both the progress achieved in relation to the next steps recommended under point 45 above, as well as the readiness to proceed with the formal incorporation of the LATCo.
<b><u>Capital/Revenue</u></b>	
47.	At the present time the service improvement and business development activity proposed by the services will still generate the same benefits whether a LATCo is established immediately or not. However in order to achieve the £1M budget savings required in 2019/20, under the LATCo model, the council was able to take advantage of transferring some costs to the LATCo. In order to mitigate the impact of this on the Medium Term Financial Strategy the £1M savings target will be distributed between phase 1 and 2 services and any shortfalls in the achievement of such budget commitments will need to be met from elsewhere, and/or a drawdown on reserves. The impact of this and any proposed funding strategy will be detailed in the budget report to Cabinet in October 2018 and thereafter to Council in February 2019.
48.	At present funding for the Commercial Director is still to be identified.
<b><u>Property/Other</u></b>	
49.	There are no known property matters related to the activity detailed in the 'next steps' section above, or the recommendations arising from this report.



## LEGAL IMPLICATIONS

### Statutory power to undertake proposals in the report:

- |     |   |
|-----|---|
| 50. | The formation of a limited company to trade is informed by S.95 Local Government Act 2003, S.111 Local Government Act 1972, and S.1 Localism Act 2011, together with ancillary Regulations and guidance applying to service specific functions.   |
| 51. | Various statutes, not least the Local Authority (Goods and Services) Act 1970 and supporting secondary legislation and Localism Act 2011 give Councils wide power to trade without the requirement of setting up a limited company but in defined circumstances. Councils can (and do) provide services to other public sector bodies directly, without tender processes in many cases, or setting up company arrangements. |
| 52. | As such in most service areas until a point is reached whereby the Council wishes to trade with the private sector or the public for profit a company structure is not needed. The Council can proceed with pursuing the business development initiatives earmarked for the LATCo in relation to trade activity with other public sector organisations as above.  |

### Other Legal Implications:

- |     |   |
|-----|---|
| 53. | Detailed ESIA and PIA requirements have been undertaken and will continue to be reviewed and refreshed as appropriate throughout the conduct of the project and decision making processes and the range of service in scope for any eventual transfer to the LATCo will be assessed in terms of client structures / non delegable duties and retained responsibilities, employment law matters, state aid, tax liability, risk and financial viability in accordance with the Council's Best Value duties prior to determining final arrangements and governance structures. Statutory consultation to determine whether the proposals constitute Best Value for the Council have been undertaken and reported at each stage of the Council's decision making process and refined as consultation progresses. As and when recommendations for the formal formation of the LATCo are presented back to Council, further consultation under the Housing Act 1985 will also need to be undertaken prior to any decision being recommended on whether or not the transfer of Housing Management (and linked Housing Operations functions) should proceed. |
|-----|---|

## RISK MANAGEMENT IMPLICATIONS

- |     |   |
|-----|---|
| 54. | Risks relating to the formation of a LATCo have been assessed and will be presented to Council as and when a recommendation for its formal formation is presented for its consideration.  |
| 55. | Some of these risks relate only to, and/or arise only in the event of, the formation of a limited liability company. However, others will still present if the service improvement and business development initiatives originally earmarked for the LATCo are pursued by the Services from within the Council. Key among these are:<br><ol style="list-style-type: none"><li>1. the risk that costs or revenues associated with these initiatives have been over or under-estimated – although considerable effort has been spent reviewing <b>Page 273</b> and revenues against existing levels</li></ol> |

	<p>of income and expenditure and available market information, in order to reduce this risk as much as possible;</p> <p>2. the risk of shortfalls in the generation of efficiencies and/or the delivery of new revenue would have been ring-fenced to the LATCo with no detrimental effect on the Council's budget. Any such shortfalls in the absence of the LATCo will have a direct financial impact on the Council's budget and its ability to meet other commitments; and</p> <p>3. the benefits of increased trading are heavily dependent on the ability to grow a strong commercial function, starting with the recruitment of a Commercial Director. It is currently assumed that advertising this role as (initially) a Council post will attract the same interest and calibre of candidate that the same advert would have generated if advertised as a LATCo post.</p>
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56.	<p>The recommendation to delay the formation of the LATCo also risks limiting the 'momentum' for the on-going development of a more commercial culture within the council, as well as impact negatively on the commitment and belief by staff that this goal will ultimately be achieved. However, staff that have worked on the project will continue to be deployed to support the 'next steps' activity referenced in paragraph 45, and clear messaging by the political and managerial leadership of the Council confirming the Council's intent to pursue trading activity will help mitigate this risk. Such communication has already started through both email communication by the CEO and his direct staff briefings.</p>
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**POLICY FRAMEWORK IMPLICATIONS**

57.	<p>The recommendations in this report support the delivery of the following outcomes within the Southampton City Council Strategy:</p> <ul style="list-style-type: none"> <li>▪ Southampton has strong and sustainable economic growth;</li> <li>▪ Southampton is an attractive modern city, where people are proud to live and work.</li> </ul>
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<b>KEY DECISION?</b>	<b>No</b>
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<b>WARDS/COMMUNITIES AFFECTED:</b>	<b>None</b>
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SUPPORTING DOCUMENTATION

**Appendices**

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**Documents In Members' Rooms**

1.	Outcome of Best Value Consultation

<b>Equality Impact Assessment</b>		
<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</b>		<b>No</b>
<b>Data Protection Impact Assessment</b>		
<b>Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.</b>		<b>No</b>
<b>Other Background Documents</b>		
<b>Other Background documents available for inspection at:</b>		
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>	

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